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Bejski shocks financial system

Judge Moshe Bejski (right), head of the commission investigating the bank shares crisis, shakes hands yesterday with State Comptroller Yitzhak Tunik, whose report led to the establishment of the commission. Between them is Prof. David Libai, chairman of the Knesset Control Committee, to whom the Bejski report was presented. (Isaac Harari)

Report insists top bankers must go

By PINHAS LANDAU
Post Finance Reporter

The Bejski Commission of Inquiry into the 1983 bank-shares scandal recommends a complete overhaul of Israel's financial markets. The commission also calls for the resignation or dismissal of the governor of the Bank of Israel, Moshe Mandelbaum, and the heads of the country's biggest commercial banks.

The commission recommends that the attorney-general pursue several areas of inquiry that the commission opened, with a view to bringing charges against those alleged in the report to have violated the law.

The theme of the report, stressed at length at the opening of the chapter on "conclusions and recomendations," is that the regulation of bank shares detailed in the report, represented far more than a business disaster for the banks but was a major blow to the country's economy as well.

"No less serious than the crisis itself," the report declares in stinging language, "is the lack of accountability of the senior personalities involved, which expressed itself in the blanket refusal of any of them to take responsibility for what happened."

Initial reactions last night from the banks were varied. Bank Hapoalim promised "co-operation" and said it would draw the necessary conclusions after studying the report. Bank Leumi complained that it had only received the report at 8:30 last night and had not received sufficient copies, and therefore would only

(Continued on Back Page)

Yoram Aridor (Yossi Zamir)

Moshe Mandelbaum (Brauner)

Ernest Japhet (Daniel Blatt)

The people and the price

The Bejski Commission called for the resignation within 30 days of six persons it found responsible for the bank shares crisis, and placed blame on nine others who have already left their posts. One person was found to bear some responsibility for the shares, but the panel did not call for her resignation.

• Persons who must resign within 30 days:
Dr. Moshe Mandelbaum, governor of the Bank of Israel
Ernest Japhet, general manager, Bank Leumi
Ephraim Reiner, chairman and president, Ampal, a subsidiary of Bank Hapoalim
Giora Gazit, managind director, Bank Hapoalim
Rafael Recanati, chairman and managing director, Discount Bank
Aaron Meir, managing director, Mizrahi Bank

• Persons who bear responsibility for the shares crisis but who have already left their positions:
David Shoham, formerly head of administration, Bank Clali
Ben Ami Zuckerman, former com-

(Continued on Page 2, Col. 1)

Individual and collective blame

ANALYSIS
By MEIR MERHAV and SHLOMO MAOZ

The Bejski Commission Report, which last night hit the country with a shattering impact, will be discussed and debated for a long time. It is not only the first commission of inquiry to deal with a major economic problem; it has also interpreted its terms of reference in the widest possible way. Its analysis is therefore more far-reaching and its recommendations are more devastating than those of the Agranat and Kahan commissions, which dealt with the Yom Kippur War and the Sabra and Shatilla massacres respectively.

The report does not confine itself to the bank share crisis of October 1983 in its narrow sense, but ranges far beyond – to the very foundations of Israel's economy, with ramifications spreading far and wide.

In the process, the commission has blasted the accepted norms of business conduct, and has issued an unmistakably loud call for a new code of personal responsibility and accountability. In its recommendations – which call all those responsible for the crash to pay for their indifference, lax observance of the law, irresponsibility and even illegal actions – the commission states bluntly that none of those responsible should have waited for the commission's report. They should have realized that whoever has broken the law or failed in his duties, cannot continue in his job as if nothing has happened, let along be kicked upstairs.

The commission has shown no mercy to any of those involved; it has censured those who are no longer in the public service and can therefore neither be fired nor otherwise punished.

The testimony of those directly involved made it appear that an air of collective guilt hung over the affair. The commission, however, dispelled this notion of collective guilt, and pinned individual responsibility on every one of those who made up "the system" from which all claimed they had no way out.

Refuge could have been taken, the commission says – in the law, even as it stands, or in a business ethic that seems to have been forgotten. Guilt and responsibility, the commission implies, are always individual, and the participation of others in the same culpable acts of

(Continued on Page 2, Col. 6)

Clash likely on governor's job

Jerusalem Post Staff

Prime Minister Peres said last night that the government would "fulfil all its commitments" to carry out the conclusions of the Bejski Commission's report.

"Israel is a democracy, and if a problem is discovered, there is no intention of hiding it. On the contrary, it will be set right," Peres said. He maintained that the report would have no effect on the government's economic programme, since the inquiry dealt with events that took place before the economic plan was instituted.

At the same time, the commission report has already set off maneuvering between the Alignment and the Likud over who will replace Moshe Mandelbaum as governor of the Bank of Israel. Peres wants to appoint Deputy Finance Minister Adiel Amorai to the position, but Likud ministers oppose giving the job to a Labour Party man.

However, the governorship has never yet been given to an active politician, so the appointment of Amorai, even if agreed to by Shamir, would constitute a precedent.

More on the Bejski report on pages 6, 7 and 9.

While Yitzhak Moda'i was still at the Treasury, he is known to have favoured the appointment of Meir Heth, former stock exchange head. The commission praised Heth in its findings, but also reprimanded him. But with Moda'i out of the Treasury, Heth's candidacy is obviously in doubt.

The Histadrut will implement all the Bejski Report recommenda-

(Continued on Page 2, Col. 1)

Peres floats idea of Gaza-Jordan autonomy link

Jerusalem Post Staff

Prime Minister Peres said yesterday that Jordan is determined not to lose its stake in the Gaza Strip and that an autonomy solution for Gaza could be combined with the plans for autonomy on the West Bank.

In an interview for Pessah with *The Jerusalem Post*, to be published on Wednesday, Peres said that the idea of establishing an interim Israeli-Egyptian "condominium" in Gaza had come up against Egypt's "lack of political interest" in the region. Jordan, however, "has a political interest in not losing Gaza," he said.

Despite the difficulties, Peres acknowledged that "there are people in Gaza who would like to try their hand at the application of autonomy."

Peres said that he did not "suggest" the dismantling of Jewish settlements in Gaza – because "the scandals here would begin immediately" – but added emphatically that there was "no justification for taking more land" for Jewish settlements.

Gaza, he said, has almost doubled its population in the past 20 years, from 300,000 to 560,000, and the density in the area is "almost as bad as Hong Kong."

"I ask myself whether there is any justification for taking an extra 50,000 dunams, while the Negev, with 12 million dunams, is almost devoid of settlers," he said. He stressed that he was opposed to the allocation of any further land in Gaza for settlement.

Cabinet votes summer time from May 17 to September 6

By ASHER WALLFISH
Post Knesset Correspondent

The cabinet voted yesterday by 11 against six with one abstention to introduce summer time in Israel from May 17 to September 6, a decision which jolted Interior Minister Yitzhak Peretz out of his customary composure and moved him to hurl emotional accusations against the Alignment, which voted against him *en bloc*.

Peretz shouted at Energy Minister Moshe Shahal in the course of the debate, in which not a single Likud Minister took part: "You have been shedding my blood! You have been organizing a public lynch campaign against me! I would not be surprised if what you have done will lead to attempts on my life! You have been inciting against me and against all the Orthodox community!"

Peretz vainly tried to persuade the cabinet not to debate the issue until the High Court of Justice, which is considering a number of pleas against him, holds its next session today.

Interior Minister Yitzhak Peretz last night accepted the cabinet's recommendations on summer time, according to which the clocks will be moved forward one hour at midnight on May 17, the Saturday following Independence Day. Summer time will be in effect until September 6.

Attorney-General Yitzhak Zamir said that the High Court hearings on the summer time issue need not prevent the cabinet debating and taking decisions. He said later on in the debate that it would be inconceivable for a cabinet minister to act in contradiction of a cabinet decision by ignoring the principle of collective responsibility for cabinet action, to which they were all committed.

The emotion-charged debate followed a formal proposal by three ministers, Communications Minister Amnon Rubinstein, Energy Minister Moshe Shahal, and Economics Minister Gad Ya'acobi, to introduce summer time forthwith.

Peretz reminded the cabinet that the commission he appointed to study the problem did not advise the introduction of summer time this year. He quoted the findings of a German research project to the effect that road accidents would increase in the wake of summer time. He also quoted a French research project which held that summer time caused negative manifestations among the school population.

Shahal said in the debate that, if summer time were introduced forthwith, the country would save $5.6m. on energy. Orthodox Jews wanted summer time just as much as secular

(Continued on Page 2, Col. 4)

Duped woman in El Al case gets police protection

By JERRY LEWIS
Jerusalem Post Correspondent

Anne-Marie Murphy, the Irish woman arrested by Scotland Yard for trying to carry a bomb on to an El Al jet Thursday, was released late Saturday night but is being kept under police protection.

Meanwhile, Nezar Hindawi, the man accused of giving her the explosive device, told police he had been tricked by the leader of an Arab terrorist cell with which he was associated, police sources said. Hindawi said he was led to believe that the bag he had given Murphy contained drugs, not the five-kilogram bomb found by an El Al security

(Continued on Page 2, Col. 2)

PM to discuss his 'Marshall Plan' in Paris

Prime Minister Peres said yesterday he intended to discuss his plan for Middle East economic development with French President Francois Mitterrand and Prime Minister Jacques Chirac during his 36-hour visit to Paris, which begins today.

Peres said he had already discussed the plan with U.S. Secretary of State George Shultz, West German Chancellor Helmut Kohl and Italian Prime Minister Bettino Craxi, and had approached British Prime Minister Margaret Thatcher. The reactions from the Europeans and the Americans had been "enthusiastic," he said.

In addition to discussing his Middle East Marshall Plan, as his programme has been dubbed, Peres is expected to discuss ways of halting terrorism. Tomorrow, he will explain Israel's stand on the issue before the Council of Europe in Strasbourg.

Britons moved from Moslem part of Beirut after two murders

BEIRUT. – A sad and weary group of 31 Britons were evacuated from Moslem West Beirut yesterday under armed escort after the killing of two British teachers and the abduction of a British television cameraman.

A Moslem group said it killed the kidnapped teachers in retaliation for Britain's support of the U.S. attack on Libya last Tuesday. Some evacuees, who included children and old people, spoke of living in daily fear of abduction since then.

Clutching suitcases and shopping bags, they arrived in Christian East Beirut after trundling across the Green Line battle-front dividing the city.

Meanwhile, a second group of Americans was evacuated from Sudan to Kenya overnight, bringing to nearly 300 the number of U.S. citizens airlifted from Khartoum, a U.S. Embassy spokesman said yesterday in Nairobi.

The Americans, mainly dependants of U.S. diplomats and non-essential embassy staff, were ordered to leave Khartoum by the State Department in Washington because of fears for the safety of U.S. citizens after an embassy communications officer was shot in the Sudanese capital on Wednesday.

Joining the airlift were a few private U.S. citizens who left the country voluntarily and about 20 nationals from Canada and Britain.

It was reported in Frankfurt that a special flight by a West German Lufthansa DC-10 yesterday brought 276 people out of Libya.

Many of those who arrived in Europe yesterday were West German women with children. They and some of the returning men, who were employed by West German firms in Libya, said they were relieved to be home but would return once the political situation stabilized.

In Bilbao, Spain police early yesterday defused a bomb planted on a window sill of a building where the Spanish-U.S. cultural association has its office.

Police said they received an anonymous telephone call from a person who said a bomb had been planted outside the "Aznar" building, in downtown Bilbao, and that it would explode in a few minutes.

Police said they rushed to the building, which was once used as an American consulate, and defused the bomb using a remotely controlled robot.

The Spanish-U.S. Cultural Association promotes cultural contacts between Spain and the U.S.

(See picture Page 2)

Israeli air experts going to U.S. to discuss cooperation

McDonnel Douglas interested in joining Lavi project

By AVI HOFFMANN
Post Defence Reporter

The giant U.S. aerospace corporation, McDonnell Douglas, is interested in joining the Israel Aircraft Industries' Lavi fighter project, *The Jerusalem Post* has learned.

IAI president Moshe Keret and the Lavi project director at the Defence Ministry, Tat-Aluf (Brig.-Gen.) Menahem Eini, are to travel to St. Louis next month to discuss, at the U.S. firm's request, McDonnell Douglas's participation in the Lavi programme.

IAI sources declined to confirm or deny any contacts with American companies, beyond noting that IAI officials go on routine business trips to the U.S.

It is unclear what kind of relationship McDonnell Douglas has in mind, but industry sources speculated that the company might be interested in co-production or building the plane under licence in the U.S. Such a partnership could be a giant step forward for Israel's next generation fighter, constantly under attack from various quarters for what is considered the intolerable burden it imposes on the country's economy. McDonnell Douglas manufactures the F-15, Phantom and Skyhawk warplanes in service with the Israel Air Force.

Defence Minister Yitzhak Rabin told *The Post* in an interview last year that Israel was actively seeking an American manufacturer to join IAI as an equal partner for the development and production of the Lavi.

The project, Israel's largest ever industrial endeavour, has cost $1 billion to develop so far and will cost another $1.2b. before production starts in 1990. The plane, due for its first flight this September, has been under constant review since its conception and counts among its critics the Pentagon, which objects to $250 million worth of U.S. military aid being spent on the plane annually, and the IDF chief of general staff, who would prefer cutting the Lavi budget rather than slashing Army funds.

If a major U.S manufacturer joins in producing the Lavi, then Israel's financial troubles with the plane are likely to be over. Apart from the direct financial and technological aid, the American partner could provide, a vast export market in the U.S. and elsewhere would open up. So far, the Lavi's only customer is the Israel Air Force. With U.S. participation other customers are likely to become interested, and instead of being an economic burden the Lavi might even start turning a profit.

Co-production with the Americans has always been a possibility and Israel, in the words of Rabin, has seen the Lavi as "a joint project between IAI and the aeronautical industry in the U.S." Over 120 American companies are involved, as sub-contractors, in the development of the plane. Major systems, such as the engine and parts of the fuselage and wings, are made in the U.S.

An industry source noted that the U.S. arsenal currently boasts several aircraft that were originally developed outside of the U.S. The British-designed Harrier and Hawk, as well as the French Dauphin helicopter are built in the U.S. and flown by various branches of the armed forces. IAI itself has supplied, on lease, two squadrons of Kfirs to the U.S. Navy's aggressor force.

The U.S. does not currently have a high-performance strike aircraft in development for the 1990s and the Lavi is therefore the front-runner to fit the bill, the industry source said, adding that several U.S. congressmen are lobbying for America to actively participate in Lavi production.

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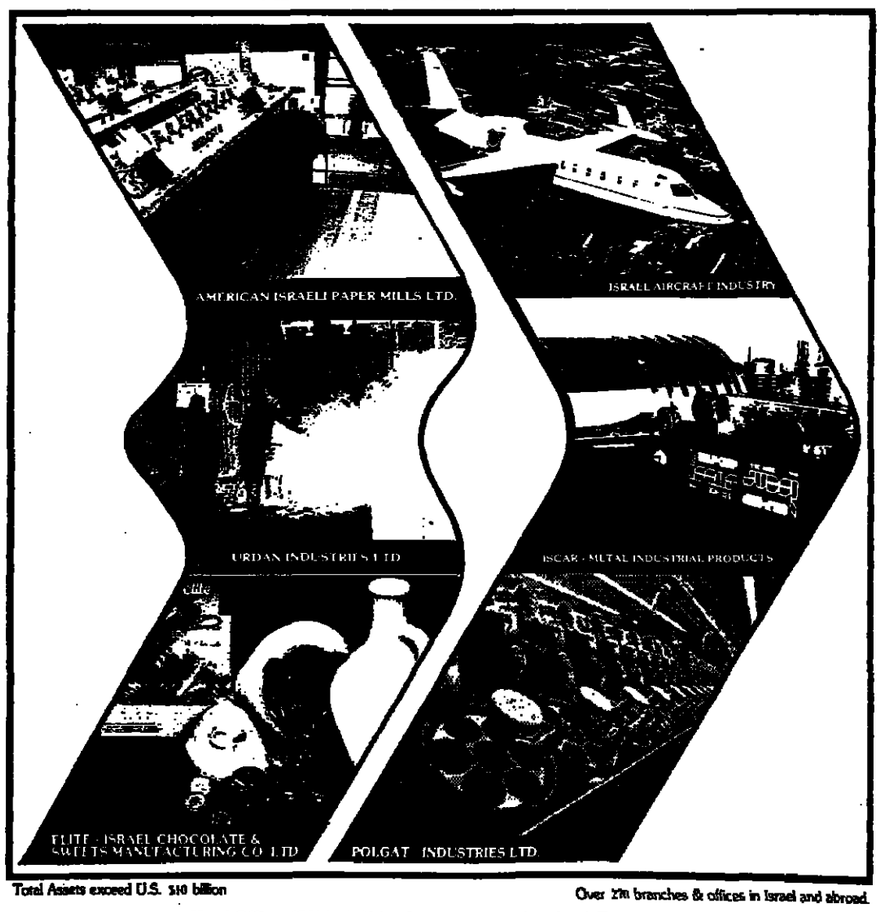

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	MIN. C	MIN. F	MAX. C	MAX. F	
AMSTERDAM	3	37	7	45	Cloudy
BRUSSELS	2	36	8	46	Rain
BUENOS AIRES	16	60	26	78	Rain
CHICAGO	14	56	20	68	Cloudy
COPENHAGEN	2	36	10	50	Snow
FRANKFURT	3	37	11	52	Cloudy
GENEVA	2	36	9	48	Cloudy
HELSINKI	1	34	4	39	Rain
HONG KONG	25	77	27	81	Cloudy
JOHANNESBURG	12	54	22	72	Cloudy
LISBON	8	46	16	61	Clear
LONDON	6	43	14	57	Rain
MADRID	5	41	15	59	Clear
MONTREAL	2	36	17	63	Cloudy
NEW YORK	9	47	23	72	Clear
OSLO	0	32	5	41	Cloudy
PARIS	5	41	10	50	Rain
RIO DE JANEIRO	16	61	30	86	Cloudy
SAO PAULO	14	57	25	77	Cloudy
STOCKHOLM	0	32	4	39	Rain
TOKYO	12	54	17	63	Cloudy
TORONTO	2	36	17	63	Clear
VIENNA	5	41	12	58	Clear
ZURICH	5	41	8	46	Rain

*For the latest weather conditions contact Swissair.

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THE WEATHER

Forecast: Partly cloudy to cloudy, with cooler moist air moving in during the day.

	Yesterday's Humidity	Yesterday's Min-Max	Today's Max
Jerusalem	15	19-28	25
Golan	11	19-27	26
Nahariya	49	—27	25
Safad	17	18-25	24
Haifa Port	—	—	—
Tiberias	23	14-31	29
Nazareth	17	19-30	28
Afula	39	10-34	30
Shomron	17	16-29	27
Tel Aviv	40	14-28	25
B-G Airport	49	13-32	29
Jericho	18	16-37	34
Gaza	89	16-23	24
Beersheba	13	14-32	30
Eilat	15	22-36	33

Agency has second thoughts on policy

Conditions worsen at Ethiopian housing centres

By CHARLES HOFFMAN
Jerusalem Post Reporter

The rapid deterioration of physical conditions, services and morale at the absorption centres for Ethiopian immigrants that have been converted to permanent housing has led the Aliya Department of the Jewish Agency to "reconsider" its policy for this group, according to department director-general David Levine.

Levine told *The Jerusalem Post* yesterday that he would be meeting today with the director-general of the Absorption Ministry to discuss ways of halting the worsening situation among the immigrants at the converted centres, and to find better permanent housing solutions for them.

About 3,000 of the Ethiopians who came in 1984 were placed in vacant public housing blocks that were turned into *ad hoc* absorption centres and run by the Aliya Department. A master plan for the absorption of the Ethiopians adopted last year by the Absorption Ministry warned against turning these quarters into permanent housing, since this would create Ethiopian "ghettos."

The Aliya Department agreed and planned eventually to disperse the Ethiopians in groups of 30 to 40 families in other neighbourhoods, according to Micha Feldman, the department's coordinator for Ethiopian absorption. During their first months in the country, the immigrants were thus told that they would eventually get permanent housing elsewhere.

But for the past six months, both the department and the ministry have ignored both the master plan and their promises to the immigrants, by converting the 15 *ad hoc* centres into permanent housing. Under this scheme, the Absorption Ministry was to have continued some services to the immigrants after the agency pulled out, and to have arranged for them to sign leases with public housing companies so that they could take responsibility for their own flats and for the building as a whole.

This policy has aroused protests from local authorities in whose midst these "ghettos" were being created. The authorities had been promised that the immigrants would be dispersed. Social workers employed by the Aliya Department who have worked with the immigrants, and who argued that this move would severely hamper social integration, also objected.

Many of the immigrants have refused to sign leases with Amidar and Amigur, thus leaving themselves and their buildings in limbo, with no one responsible for maintenance. The condition of many of the buildings has seriously deteriorated within weeks of the conversion. The Absorption Ministry has apparently been unable to provide all the social and educational services that it was supposed to; nor has it been able to organize house maintenance committees among the embittered immigrants who refuse to accept these buildings as their homes.

Local authorities have complained that large numbers of Ethiopian children living in one neighbourhood would mean that they would make up a high percentage of the classes in the local schools. This would put a difficult burden on the schools, which are located in disadvantaged areas for the most part, and cause strife with veteran families.

Syria said agreeable to talks with Arafat

Post Mideast Staff

Damascus has agreed to reestablish its dialogue with PLO chairman Yasser Arafat following Soviet mediation, Radio Monte Carlo reported yesterday.

Citing an Arab diplomat in Amman, the radio also said that Syrian officials and PLO leaders had exchanged proposals on how to reconcile the two sides.

According to the diplomat, Fatah Central Committee member Hayil Abdul Hamid (Abu Hol) met a senior Syrian intelligence officer in Athens on April 6 and discussed Soviet attempts to effect a reconciliation between Syria and the PLO.

The same source said that Moscow is trying to organize a conference – possibly in East Berlin – of the various Palestinian groups aimed at restoring unity among them.

Soviet leader Mikhail Gorbachev and Arafat, at their meeting in East Berlin last Friday, discussed the possibility of improving ties between Syria and the PLO, Radio Monte Carlo reported.

The PLO's efforts to improve ties with Syria are part of an attempt by the organization to establish alternative bases of support following Jordan's decision to suspend political coordination with the PLO leadership.

Histadrut gives ultimatum on C-o-L dispute

By MICHAL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. – The Histadrut will declare a nationwide labour dispute today, unless a cost-of-living allowance agreement is signed by this morning.

The Histadrut's Central Committee yesterday authorized the Trade Union Department to announce the dispute and notify the Labour Ministry, as required by law. After this, a strike can be called in two weeks' time.

The previous agreement expired on March 31.

"It is inconceivable that the Histadrut now agree to return to the old agreement, which was based on the need to compensate for the price rises in the days of galloping inflation before the price freeze," the Central Committee declared yesterday.

The Histadrut's Trade Union Department chairman Haim Haberfeld yesterday denounced the new finance minister, Moshe Nissim, for taking steps against a satisfactory C-o-L agreement, and advised the minister not to heed the advice of his senior officials and "experts" on wage agreements.

Negotiations over the agreement continued until late last night.

Haberfeld noted that the Histadrut's formula calls for a flexible C-o-L agreement which will fluctuate between 70, 80 and 90 per cent of compensation for the accumulated 6-8 per cent price rises.

Histadrut Secretary-General Yisrael Kessar stated yesterday that raising the prices of bread and public transport is a terrible injustice to the lower-income groups.

10 Ashkenazi mayors due to host Mimouna celebrations

By GREER FAY CASHMAN
Jerusalem Post Reporter

Jerusalem's Teddy Kollek will be one of 10 Ashkenazi mayors across the country hosting end-of-Pessah Mimouna celebrations in their homes on April 30. The open-house tradition brought to Israel by the Jewish community of Morocco has gradually evolved into a national festival, though in character it remains distinctly North African.

President Herzog and his wife will celebrate outside Jerusalem as the guests of Yitzhak and Zahava Sharvit of Ramle. Not far away, at Neve Tirza women's prison, inmates will be savouring *moufleta*, Moroccan pancakes soaked in honey, prepared for them at the initiative of the Lod municipality by women of the town.

The total budget for the public festivities which will take place in 60 towns is only $100,000, according to Beyahad chairman Sam Ben-Chetrit. Most of the work is undertaken on a voluntary basis, said Ben-Chetrit. Funding is supplied by the Education Ministry, the World Zionist Organization, the Absorption Ministry and the Ministry of Religious Affairs.

Jerusalem has in past years been the centre of the Mimouna celebrations, and though it will continue to play a vital role this year, Dimona will capture the limelight.

The Negev town, which this year marks its 30th anniversary, will unwittingly combine Mimouna with May Day. Prominent among the 50,000 people expected at the mass picnic-cum-concert at Ben-Gurion Forest on May 1 will be Prime Minister Peres, Education Minister Yitzhak Navon (whose family is spending the latter part of Pessah in Dimona), Histadrut Secretary-General Yisrael Kessar, Labour whip Rafi Edri and other identifiable socialists. Tipping the balance in the other direction will be Minister-without-Portfolio Moshe Arens.

Mimouna in Morocco symbolized the friendly ties between Arabs and Jews. The Jewish women used to begin preparing the Mimouna delicacies within an hour or two of the departure of Pessah. Their Arab friends often provided the leavened ingredients which they needed for the pancakes and other preparations.

The theme for this year's Minouna is taken from Leviticus 25: "...that thy brother may live with thee."

Britons evacuate Moslem West Beirut to the Christian eastern sector of the city yesterday following the murder of the two British hostages, Leigh Douglas and Philip Padfield. (AFP telephoto)

Diamond heist at Or Yehuda plant

By YORAM GAZIT
For The Jerusalem Post

TEL AVIV. – Three masked men stole an estimated $300,000-$400,000 in diamonds from an Or Yehuda polishing plant yesterday, in the fourth such heist in the past month.

The three men, armed with pistols, ambushed the owner of the diamond-polishing plant, 34-year-old Hanan Biniaminov, as he entered the plant on 2 Rehov Hamelacha at 6:30 a.m. The three jumped on him and pulled him into the workship, ordering him to open the safe. When he refused, the robbers shot into the air several times. That convinced Biniaminov to open the safe.

The robbers apparently entered the workshop by drilling a hole in the wall during the weekend. But they failed to open the safe and decided to wait inside for the owner to open it for them.

DUPED WOMAN

(Continued from Page One)

man, the sources said.

These same sources reported that Hindawi had been cooperating with police and had given them information on the workings of terrorist cells in Europe. Police have not indicated the charges Hindawi will face, but have hinted they will fall under Britain's anti-terrorism legislation.

Murphy, Hindawi's girlfriend of one year, was released after police concluded they could bring no charges against her. They accepted her story that last Thursday Hindawi had given her the carry-all that contained the bomb, without revealing its contents. He then took her to Heathrow Airport to board flight LY016 to Tel Aviv, she told police.

Murphy, 32 and pregnant, said Hindawi told her he would catch another flight a short time later, and the two would marry while in Israel. Hindawi explained to her that, as an Arab, he could not fly in an Israeli airliner, she recounted. Murphy's luggage included a wedding dress.

Murphy passed through British security at the airport, only to be stopped by El Al security personnel. They inspected her bag, where the bomb was found and later defused. Murphy was immediately detained by police, but Hindawi escaped and was not captured until the next day.

Because of her critical role as chief prosecution witness, Murphy is being given the best police security possible. No details have been provided of where she has been hiding since her release for fear that Arab terrorists will try to kidnap or kill her to prevent her from giving evidence. Her parents have also been moved from their Dublin home to a secret location.

U.S.-SUDAN. – Evacuation from Sudan of non-essential U.S. diplomats and their families had been almost completed with the departure of 124 persons on Saturday night, a U.S. Embassy official said in Khartoum.

SUMMER TIME

(Continued from Page One)

members of the community, he said. He quoted the former head of the Road Safety Authority, Moshe Amirav, to the effect that summer time this year might well save the lives of 20 Israelis, and mean that 320 fewer Israelis would be injured on the roads, to judge by statistics of the past two years.

Ya'acobi said that summer time in the hot months would contribute a great deal to improving the quality of life, and to increasing productivity and reducing work accidents.

Education Minister Yitzhak Navon said he had been bombarded with requests by parents, teachers and pupils to fix school hours earlier.

Minister-without-Portfolio Yosef Shapira said the Orthodox community would be making a mistake if it allowed the summer time issue to generate friction with secular Israelis.

At this point Religious Affairs Minister Yosef Burg (who in the past fought tooth and nail against summer time) suggested, as a compromise, that the measure be introduced from after Independence Day until the first week of September, when Sephardi Jews say *Selihot* penitential prayers before dawn.

The 10 Alignment ministers plus Burg voted for summer time. Voting against it were Peretz, Shapira, and four Likud ministers who are understood privately to favour summer time: Vice Premier Yitzhak Shamir, Industry Minister Ariel Sharon, Justice Minister Yitzhak Moda'i and Minister-without-Portfolio Moshe Arens. Three more Likud ministers who were out of the cabinet room temporarily did not vote: Housing Minister David Levy, Labour Minister Moshe Katsav and Finance Minister Moshe Nissim. However, they said later they would have sided with Peretz had they stayed inside.

After the vote, Peretz walked out of the cabinet room, his face taut with anger.

He told reporters later that he had no intention of resigning. He called the cabinet decision an "undignified and uncomradely step," especially since he had committed himself in advance to accepting the ruling of the High Court, whatever it might be.

Peretz said: "When I asked my colleagues why they were in such a hurry, one of them told me he was apprehensive lest the High Court find in my favour and so he wanted to get in first."

Meanwhile, Eilat residents moved their clocks forward one hour on Saturday night, and in many workplaces throughout the country employees began work an hour earlier from yesterday.

Eilat Labour Council secretary Gabi Erez told *The Jerusalem Post* that he knew of no hitches in the changeover yesterday. At the towns' banks, hotels, municipality and plants the work day began and ended an hour early, in some cases beginning at 5:30 a.m. (Israel time). Buses started running at 6:30 a.m.

Histadrut Central Committee member Shaul Ben-Simon said yesterday that the country's construction and agricultural workers and over 50 plants started to work earlier than usual. "Even if [the government] decides to implement summer time after Independence Day, we will try to influence more plants to start an hour early before the date."

The High Court is due to rule today on three petitions to reverse Interior Minister Yitzhak Peretz's decision not to declare summer time.

BLAME

(Continued from Page One)

omission or commission is no excuse.

But the Bejski Commission not only assigned responsibility and established a new set of norms. Its indignation at the convoluted symbiosis between government and banks, with the tentacles of this system reaching into every corner of the economy, is such that it has presented a revolutionary set of recommendations. If adopted, even in part, these recommendations will entail a complete overhaul of the entire banking system, the capital market, the powers of the Treasury and the Bank of Israel, and far more.

Taken as a whole, the recommendations of the Bejski Report amount to restoring real meaning to private savings and investment, and a clear distinction between the regulatory powers of the government and the legitimate scope of business. Regulators, the commission implies, should regulate, not connive with those they are supposed to supervise – not even for alleged "reasons of state."

The commission's call for a clear separation of powers has led it to recommend that the attorney-general examine the manner in which the banks' accountants fulfulled their responsibilities.

The reforms called for are so extensive that it is doubtful if Israel's political system will be able to implement them. By the same token, it may be questioned whether the banking system will be able to transform itself as recommended by the commission.

The report calls, on the one hand, for a drastic reduction in the powers of the Treasury, for instance by recommending that the Treasury should no longer have the power to approve or deny share capital issues. On the other hand, it wants the regulatory powers of the Securities Authority and of the Examiner of Banks considerably increased. At the same time, the commercial banks are called upon to divest themselves of their dealings as brokers, and as managers of mutual funds and of provident funds, and to stop trading in shares for their own account.

This set of recommendations comes close to a nationalization of the banks, and will no doubt be resisted vehemently as soon as the first shocks of the report and of the resignations of the top managers are over. The main argument which the banks will no doubt use in persuading the legislature that the Bejski recommendations cannot be implemented will be the hoary one that doing so would weaken the standing abroad of the Israeli banking system.

The final page of the commission's report addresses itself to the "bank share arrangement" which has saddled the government with an obligation of $6.9 billion. It launches a scathing attack on the recommendations of the Galia Maor committee that was appointed to search for ways to reduce the government's obligation. That committee, which, as usual, had a powerful delegation of the main interested parties, namely the banks, attempted to raise the market value of the outstanding bank shares by having the government write off those it had already redeemed.

THE PEOPLE

(Continued from Page One)

missioner of the Treasury's capital market

Arnon Gafni, former governor, Bank of Israel

Oded Messer, former inspector of banks

Yigael Hurvitz, former finance minister

Yoram Aridor, former finance minister

Prof. Ya'acov Ne'eman, former director-general of the Treasury

Prof. Ezra Sadan, former director-general of the Treasury

Dr. Meir Heth, former chairman of the stock market directorate

• Person who bears some responsibility for the shares crisis, but who need not draw conclusions, according to the Bejski panel:

Galia Maor, inspector of banks since October, 1982

CLASH

(Continued from Page One)

tions, Histadrut Secretary-General Yisrael Kessar stated yesterday. Kessar added that he hoped the report's conclusions would not hinder the economic recovery.

Finance Minister Moshe Nissim last night set up a team to study the commission's recommendations and prepare proposals to be brought before the cabinet, the Treasury announced.

Sources in both the Likud and Labour told *The Jerusalem Post* last night that former finance minister Yoram Aridor's role in the bank share collapse, as described by the Bejski commission yesterday, will certainly fuel future political confrontations between the parties.

On the Labour side, there was no immediate onslaught on the Likud. But it was intimated that material from the commission's report is certain to be used against the Likud in the next election campaign.

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The Family

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DOBJE (Yohanan) GOLDBERG-KIDON

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Faculty of Engineering
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Prof. MAURICE BRULL

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Our deepest sympathy to Lily, Mark, Lisa and Rick on the loss of your beloved husband and father

MAURICE BRULL ז"ל

The Bermans, Frankenthalls, Liebermans, Sills and Whitmans

In profound sorrow I announce the passing of my beloved wife

GUSCHI BOCK
née Jacobson

She bequeathed her body to science.

Heinz Bock
4 Hirschenberg St., Jerusalem

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BERNICE KESTENBAUM

Deeply mourned by
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Her sons: Philip, Dov
Her daughters: Shira and Amos, Naomi and Dani, Ruth

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MICHAEL OVERS ז"ל

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Ruth and Maurice Overs and the family in Israel and abroad

A bus will leave at 2:30 p.m. from our residence, 17 Rehov Dankner, Netanya.

On the thirtieth day since the death of

HARRIS BENJAMIN ז"ל

a memorial service and tombstone unveiling will be held today, Monday, April 21, 1986 at 5 p.m. at the Beit Yitzhak cemetery.

Ariel Benjamin and the family

Evidence gathered by UN commission

Waldheim was listed as an 'accused' war criminal

By MARIAN MUSHKAT
Special to The Jerusalem Post

Among the many thousands of war criminals whose files were prepared by the UN War Crimes Commission during and after World War II, sufficient evidence was accumulated against just two-thirds of them to merit naming them as "accused." The remainder fell under the rubrics of "suspected" or "witness."

Among those listed as an accused war criminal was former UN secretary-general Kurt Waldheim. The designation is not at all surprising: Waldheim served on the staff of the former German commander-in-chief in Yugoslavia, General Alexander Loehr, and of the former Nazi governor of Belgrade, General Albert Loncar. Both were convicted, and sentenced to death on February 16, 1947.

How did Waldheim escape trial?

The war crimes commission, of which I was a member, had its genesis in the murderous campaign of the Nazis against the Poles, beginning in September 1939. Britain, as well as the governments-in-exile of occupied countries, warned that German violations of the laws and customs of war would not go unpunished.

The most important declarations on this matter were made on January 13, 1942, in St. James's Palace in London, and again on November 7, 1942, when the UNWCC was formed. It was reiterated in Moscow at a meeting of the Big Three (Britain, the U.S. and the USSR) in October 1943. The Big Three's joint declaration indicated a unity of purpose in the investigation and trial of war criminals, which unfortunately would not last long.

Indeed, the Soviet Union refused to take part in the UNWCC when the other members of the anti-Nazi alliance rejected its demands for separate representation for the Ukraine, Byelorussia, Lithuania, Latvia, Estonia, Moldavia and even Karelo-Finland, all of which were under Moscow's rule.

In the meantime, however, the UNWCC began collecting material at its London headquarters against Nazis suspected of war crimes, crimes against humanity and crimes against peace. It also had to devise a system for bringing the accused to trial and determining appropriate punishment. The mechanism that resulted was the International Military Tribunal, which held its proceedings in Nuremberg after the war.

The UNWCC prepared files against alleged Nazi war criminals under the three categories of "accused," "suspected," and "witness." The last included people against whom there was not sufficient evidence, but who could give important testimony. By the end of the war, the UNWCC files comprised more than 36,500 names. Of those, 24,453 were in the accused category, 9,520 in the suspected group, and 2,556 were classified as witnesses.

The allies were committed to apprehending any person listed in the files, as well as to extraditing him to any country that sought to bring him to trial. At the end of the war, the Allies, both in Western and Eastern Europe, worked together to apprehend these suspects and bring them to justice. But a new war – the Cold War – quickly ended that spirit of cooperation. Polish claims, for example, began increasingly to be rejected by the Western powers.

Because of Tito's rift with Stalin, Yugoslavian extradition claims were still frequently met by the Western governments. In my capacity as head of the Office of Investigation of Nazi War Crimes, accredited to the U.S. headquarters in occupied Germany, I had frequent contact with Yugoslav officials. Dr. Alberto Weiss, of the War Crimes Commission in Belgrade, often called on me to support his country's claims for extradition. Today we know that Waldheim was one of those the Yugoslavs sought to bring to trial.

But the increasing tensions between East and West brought the UNWCC's work to an early conclusion. By the end of 1947, operations had come to a complete halt and shortly afterwards the UNWCC was dissolved. Its files were transferred to the UN archives in New York; Waldheim's file was finally opened to scrutiny only two weeks ago.

Kurt Waldheim's case, like thousands of others, was soon forgotten or, for reasons unknown, ignored, until this year.

Prof. Mushkat is head of the Tel Aviv Institute for the Study of International Affairs. He is also a member of the Council of Yad Vashem.

The 50-year-old Amazing Magnus showing off one of his stunts. (Andre Brutmann)

James Bond stuntmen will do their stuff in Tel Aviv

By MICHAL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. – Three famous stuntmen will dive into a blazing tank from a height of 25 metres, escape from a strait-jacket while hanging upside down, and perform other hair-raising stunts at the Luna Park here from April 24 to May 1. The Great Crossini (James Crossini), 52, who doubled for Sean Connery and Roger Moore in all their James Bond movies, is an expert in escapology and has participated so far in 150 movies in 57 countries.

Don Lindbergh, 53, will be set on fire just before he dives into a 1.60 metre-deep tank, which will also be ablaze. The Amazing Magnus, 50, will demonstrate his strength by smashing burning bricks, resisting two groups of men tightening a stranglehold on his neck, and lying on a bed of nails.

In a press conference at Beit Sokolow yesterday, the stuntmen said that some of their more daring stunts, performed all over the world, were banned in Israel.

No central IDF seder due to budget cuts

By YITZHAK OKED
Jerusalem Post Reporter

TEL AVIV. – Due to budgetary cuts and austerity measures, no central seder celebrations will be held by the Israel Defence Forces this year, Aluf Gad Navon, the chief chaplain to the IDF told *The Jerusalem Post* yesterday.

Seders will be held in all the IDF bases and outposts, but only for the soldiers on duty. The seders will be organized by the IDF chaplaincy, with the help of volunteer reservists and civilians.

Navon said that this morning the chief chaplaincy starts its traditional cleaning operation of all IDF kitchens and dining halls. He noted that every soldier on duty will receive all the traditional Pessah foods, including gefilte fish and haroset. Soldiers not on active duty will be able to drink the traditional four cups of wine, while those on duty will drink grape juice instead. The chaplaincy has also printed special *Haggadot* and prayer books for the holiday.

In his traditional Pessah greeting to the soldiers, Navon states that the festival of freedom is a night of vigil for all of Israel, to preserve its character as a free people, responsible for its own destiny and able to serve as a model for the world.

"The Jewish people exists to be an example of proper conduct, liberty and justice," Navon's message says. "On this night we summon all mankind to live together in peace, to cease violence and to devote itself to the ways of understanding and creativity, for the benefit of all peoples."

Pope's visit vies with Libya for attention

By LISA PALMIERI-BILLIG
Jerusalem Post Correspondent

ROME. – Eight days after the Pope's visit to Rome's main synagogue, the event is still very much alive in conversations among local Jews and as a topic for mass media comments, almost vying with the Libyan crisis for attention.

The general feeling is that the impact of the televised image of the pope entering a synagogue and embracing the chief rabbi of Rome will do more to overcome grass-roots anti-Semitism than any number of official documents on the subject, which over the last 20 years have failed to influence either the clergy or the people.

On the Jewish side there is a sense of rediscovered dignity.

Tulia Zevi, president of the Union of Italian Jewish Communities, said: "An old man sitting behind me in the synagogue last Sunday was crying. He said, 'If only my grandmother could have seen this day. She was born in the ghetto, her own grandfather was a rag pedlar, and the family's stories of pain and humiliation were the nursery tales I grew up with'."

Another community leader said: "If this gesture had been made a thousand years earlier, a great deal of sorrow could have been avoided. Nevertheless, a locked door has been broken down. Now, anything is possible: cooperation on all levels, involving common goals, the recognition of Israel."

Beyond the pope's gesture and the warmth and richness of his speech, what perhaps impressed Roman Jewry most about John Paul II was his humble willingness to sit, eyes closed, and listen to a review of the salient episodes of papal and church persecution and indifference to Jewish fate by the Rome Jewish community's president, Giacomo Saban.

The extraordinary quality of these moments was noted by veteran Vatican observers who know that the pope always requests to see speeches beforehand; and many speeches by religious or political figures have been "modified" to suit the Vatican's requests.

Saban, a Turkish-born professor of mathematics at Rome University, recalled in his speech some glorious moments in Roman Jewish history; but he also mentioned Talmud burnings, ghetto humiliations, forced conversions and even, implicitly, Pius XII's silence about the Holocaust.

But Sabal also recognized that "many of our brethren found help and refuge through the courageous initiatives of precisely those convents and monasteries which for so many centuries they had learned to fear."

With regard to Israel, Vatican Radio devoted a good part of its broadcasts to a roundup of Israeli press comments, and included, as one of the few voice selections, the part of Prof. Saban's speech that mentioned the Jewish people's "deep ties with Israel."

Zevi said she felt it was unrealistic to have expected the pope to refer to establishing diplomatic relations with Israel on this occasion.

In the Jewish TV programme *Sorgente Di Vita* aired the day after the visit, three high-ranking members of the Roman Curia expressed optimism regarding the establishment of diplomatic relations with Israel.

Armenians to commemorate holocaust day on Thursday amid propaganda dispute

By YA'ACOV FRIEDLER
Jerusalem Post Reporter

Over the years, Israel's minuscule Armenian community has become the focus of a propaganda battle being waged between the worldwide Armenian community and the Turkish government. Another volley is likely to come as the Armenians mark their Memorial Day on Thursday in Jerusalem.

The Armenian Memorial Day commemorates the death of more than 1.5 million Armenians at the hands of the Turks during World War I. Turks either dispute the number of dead or deny that a massacre occurred at all.

In past years, Memorial Day was marked by local ceremonies among the 4000-member Armenian community in Israel, which is found mainly in East Jerusalem, with smaller groups in Jaffa, Acre, Haifa and Nazareth. But this year, Georgette Okanian of the Armenian Case Committee told *The Jerusalem Post*, there will be a single mass rally at Jerusalem's Jaffa Gate.

In addition to representatives of the Armenian community from abroad, the press has been invited. A symposium on the massacre and human rights will be held at the Tantur Institute near Bethlehem.

A book on the Armenian holocaust, *Massacre of a Nation*, is being brought out this year in English and Arabic. Okanian says a Hebrew version will also appear shortly.

This reporter got caught in the Armenian-Turkish crossfire after reporting on Armenia Day in *The Post* last year. The story noted that a Canadian-Armenian writer, Ara Baliozian, had published an article in the Armenians' Israeli bulletin, arguing that in the same way that historians had gradually turned the massacre of the Armenians into a non-event, and even praised the Turks, the time might come when historians would not only deny the Jewish holocaust but also praise Hitler and Himmler.

Within a few days a plain brown envelope, postmarked Tel Aviv, arrived at *The Post*, containing two books denying the massacre of the Armenians and accusing them of playing a leading role in world terrorism. There was no return address.

One volume, *International Terrorism and the Drug Connection*, published by the University of Ankara, alleged that the Armenian Terrorist Organization, Asala, played a key role in the international narcotics trade. It also charged that Asala had close connections with the PLO.

The other, *Armenians in the Ottoman Empire and Modern Turkey*, published by Bogazici University in Istanbul, denied that the massacre occurred at all, blaming the "rumours" about it on Christian missionaries. It quoted documents to prove that the Turkish sultan had even favoured Christians over Moslems.

SPYPLANE. – The Soviet news agency Tass, quoting North Korea's national news agency, said a U.S. spy plane, identified as a CP-71, intruded into North Korean air space on Friday, the 15th such flight recorded in the past month.

Resigning Beersheba mayor looks for a successor

By LIORA MORIEL
Jerusalem Post Reporter

BEERSHEBA. – Following his election as head of the newly-created Histadrut judiciary committee, Mayor Eliahu Navi is trying desperately to find a successor who will make for a smooth transition.

"Navi wants no eruptions after he leaves," a close aide explained. The aide felt confident that Deputy-Mayor Moshe Zilberman would eventually be chosen.

Zilberman has won the endorsement of Navi's independent Eshel list; but he is not a charismatic figure, and he does not have the political backing that some of his opponents have mobilized.

Zilberman is perceived as a grey figure – a technocrat. In the past, his unswerving loyalty to Navi made him indispensable; but now this very trait may make it difficult for him to step into the limelight.

While Navi dashes from one government office to another in a desperate attempt to cover the city's staggering NIS 30 million deficit, his old rivals have been trying to form coalitions.

Some observers say Navi has been given the new job in order to ease the debilitating tensions between the municipality and the labour council, in return for paving the way for Labour Council secretary Benzion Carmel to become mayor, while the Navi loyalist he replaced, Arik Nissan, returns to the Labour council. Another scenario sees former MK Uri Sabag joining up with the Likud, (as in Yeroham) to form a viable alternative to Navi's Eshel list.

But others say that it is more likely that Eshel will line up with Labour to maintain control.

If Zilberman does not get elected to succeed Navi, the situation might deteriorate, forcing the Interior Ministry's district commissioner to dissolve the council and create an appointed one.

The city's 900 employees are worried about a change of leadership, fearing that a new man might make personnel changes.

When is Navi leaving? *The Jerusalem Post* has learned that the mayor is ready to go within days, and will probably not wait beyond May. If a successor acceptable to the majority is not found soon, it is likely that Navi will simply resign.

Orthodox in P. Tikva to face legal action

By YORAM GAZIT
For The Jerusalem Post

PETAH TIKVA. – Only six of the nine ultra-Orthodox men arrested here on Friday night for demonstrating without a permit and later released, reported yesterday to the Petah Tikva police station where legal proceedings were to be opened against them.

The nine, including Petah Tikva Chief Rabbi Baruch Salomon, were arrested after a scuffle with police who sought to break up their illegal demonstration at the Heichal Cinema.

The rabbi and his followers were later released on condition that they would return on Saturday night to be charged. Only one of the nine showed up by Saturday evening; another five reported to the police yesterday.

Petah Tikva police commander Ya'acov Shuval told *The Jerusalem Post* yesterday that the police would bring all the suspects to court this week.

Shuval added that the police would have to consult with the attorney-general concerning proceedings against the chief rabbi.

Religious-secular peace in Kiryat Shmona, teachers say

By JOEL REBIBO
For The Jerusalem Post

KIRYAT SHMONA. – Religious-secular tension doesn't exist in this mostly Sephardi community, according to the principals of the religious and secular high schools.

The principal of the 700-pupil Danzinger state-secular high school is a *hozer b'teshuva* (newly-observant Jew) and sports a blond beard, but parents are not afraid of "religious brainwashing."

"The whole business of making distinctions between religious and secular is much better suited to Ashkenazim," said Yaron Shur, a soft-spoken former engineer who moved here nine years ago from Tel Aviv.

"Most of the Sephardi community are very traditional, and it is a disservice to label someone here who doesn't attend the religious school 'secular'."

Avraham Buzaglo, principal of the Matmid state-religious high school, agrees.

"Many of our 350 pupils wouldn't be considered Orthodox in other places, but they identify with tradition," says Buzaglo. "They make *kiddush* in their homes and then watch a movie on TV."

Buzaglo has an excellent working relationship with Shur and sends pupils interested in studying electronics to the secular school, which specializes in that subject.

In an effort to halt the steady exodus of parents from Kiryat Shmona, Buzaglo is beginning a more intensive "Torani" programme for parents who are interested.

"We're trying to offer a suitable programme that will make it unnecessary for parents to send their children out of Kiryat Shmona for high school," says Buzaglo. "Many parents decided to move rather than be separated from their children."

Both schools encourage voluntarism among their pupils. Eleventh grade pupils in Buzaglo's school spend each Monday morning doing community work – in day care centres and old age homes – and every pupil in the school must do four hours of community work a week.

Pupils at both schools volunteer for the Civil Guard, and for work with Ethiopian immigrants and the fire department.

(The last of three articles)

Israeli media praised for ignoring Kahane

By MOSHE KOHN
Jerusalem Post Reporter

A veteran Jewish warrior in the struggle against bigotry and political extremism has praised the Israeli news-media for ignoring Knesset member Meir Kahane and thus removing him as a "phenomenon."

"Kahane became a phenomenon because of the media, and today he is not a phenomenon because the media – God bless them – do not follow him the way they used to," Abraham Foxman, national associate director of the Anti-Defamation League of B'nai B'rith in the U.S., said in Jerusalem on Thursday. He was speaking at the B'nai B'rith World Centre on "issues uppermost in the minds of American Jews."

The ADL, Foxman said, "is colour blind and ideology blind when it comes to anti-Semitism. We did not hesitate to call Jesse Jackson an anti-Semite, despite the fact that he is black. We called the Argentine right-wing regime anti-Semitic when it was anti-Semitic, and we point to anti-Semitic acts by the left-wing Nicaraguan regime."

Foxman remarked that certain people, who were pleased when the ADL pointed to Argentinian anti-Semitism, "suddenly, when we pointed to Nicaragua, said, 'It's none of your business; besides, there are ony 50 Jews there.' It's not our job," Foxman declared, "to say that just because Jews did well in Nicaragua, they deserve to be punished. And what's the difference whether it's 'only 50 Jews' or 'only three Jews'?"

Foxman referred to the alarming reports about an alleged sharp rise in anti-Semitism among the economically hard-pressed farmers in the American West and Midwest. It is true, he said, that a number of elements are trying to exploit the farmers' plight for anti-Semitic purposes, blaming it all on "the Jewish bankers." But in a survey conducted in the states of Iowa and Nebraska, the ADL has found "confirmation" that "Americans are basically decent people," and the farmers are not being persuaded by the anti-Semites.

He noted certain "new aspects" of anti-Semitism in different parts of the world. One development is that Jews and people with Jewish-sounding names are singled out by Arab terrorists and their allies. Another is the attempt to deny that the Holocaust ever happened. A third is the "security consciousness" in Jewish communities throughout the Diaspora – that is, fear of terrorist attack on Jewish restaurants, synagogues, Jewish schools. In Paris, he reported, the ADL has to use a pseudonym in order to rent premises.

Finally, he said, though the battle against anti-Semitism is the ADL's "primary mandate," the organization's Israel office has begun to concern itself with extremism here, and is cooperating with other agencies in preparing an educational programme on the value of moderation and democracy.

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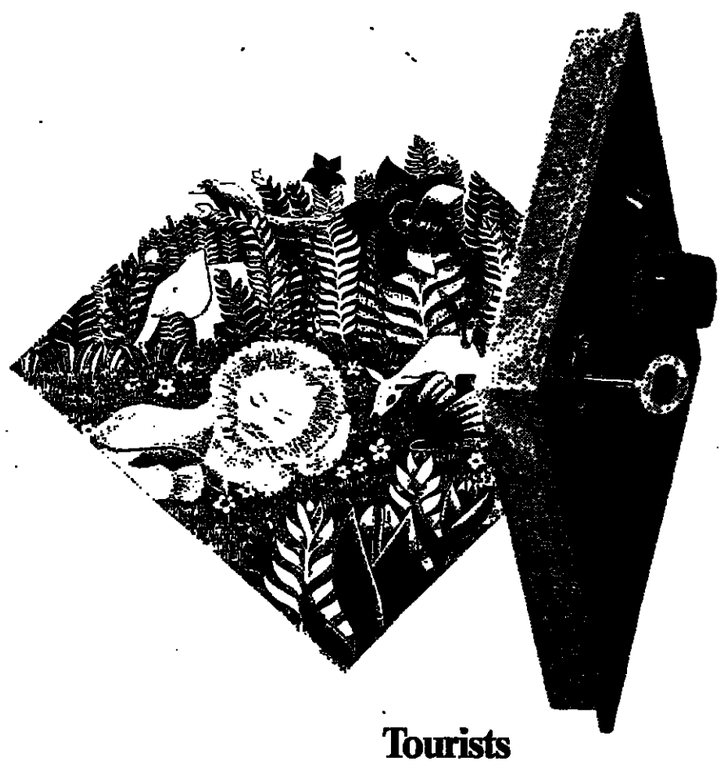

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U.S. jet, pilots' bodies said recovered by Libyans

ABU DHABI. – Libyan and Soviet experts have salvaged from the Mediterranean the wreckage of a U.S. F-111 bomber, crippled in Tuesday's air raids on Libya, the United Arab Emirates daily *al-Ittihad* reported yesterday.

Quoting unnamed Libyan sources, it said the bodies of two American pilots were also recovered and taken to Tripoli.

The remains of the fighter were flown to the Soviet Union for surveys, it added.

Both the U.S. and Libya denied comment on the report.

The death toll from the bombing raids rose to 39 yesterday when a 55-year-old man died from his injuries, hospital officials in Tripoli said.

A doctor told reporters who toured Tripoli's central hospital that the toll would go still higher because two men in comas with head injuries were not expected to live.

One of Gaddafi's sons, three-year-old Kami, has gone home after treatment for injuries suffered in the raid, while another remains hospitalized, a doctor for the boys said.

Gaddafi himself escaped injury when warplanes struck his Bab al-Aziziya barracks last Tuesday, but his 15-month-old adopted daughter Hana died of injuries. Kami and his four-year-old brother, Seph al-Arab, were wounded.

Libyan officials also said an unexploded bomb dropped during the air strike blew up Saturday night in a residential district, injuring a man and two boys.

The *Sunday Times* of London reported that the U.S. used 44 F-111 fighter-bombers in its air strike on Libya, 15 more than officially admitted by the Pentagon.

The weekly, quoting unidentified sources in Britain and Libya and "a senior Italian defence source," also said U.S. aircraft apparently bombed at least seven places, including civilian areas in Tripoli and Benghazi, allegedly breaching an agreement with the British government that only five military targets would be attacked by warplanes taking off from U.S. bases in Britain.

The White House, Pentagon and the State Department strongly deny there was any breach of the agreement with Britain and insist that only 29 F-111s were used, the paper said.

The paper said it had established that 24 F-111s took off from bases in Upper Heyford, near Oxford, and 24 more left Lakenheath, in the East England county of Suffolk, for the pre-dawn strike.

Seventeen of the bombs dropped on Tripoli by U.S. planes failed to explode. Libyan officials said as they took the 200 foreign correspondents here on a guided tour of damaged areas Saturday.

About 45 bombs were dropped, judging by various information from western diplomats as well as from Libyan authorities.

The press tour failed to include the airport, where some Libyan fighter planes were destroyed, according to the U.S.

The intelligence headquarters bristling with antennas in the Bab Ashur neighbourhood was intact, except that all its windows were blown out. It probably was the intended target of four bombs that fell in Bab Ashur, damaging several foreign embassies including those of France and Syria.

Libya said yesterday it had protested to international organizations over "interceptions" by carrier-based U.S. jet fighters of civilian airliners bound for Tripoli over the Mediterranean. (Reuter, AP, AFP)

Students rush at riot police with a wooden pole during an anti-government demonstration in Taejon, South Korea, over the weekend. Thirty thousand protesters gathered at a rally aimed at pressing the government for constitutional changes to allow a direct presidential electoral system. (AFP telephoto)

Aquino urges Communists give democracy a try

MANILA (AP). – President Corazon Aquino, in her strongest plea for peace since taking office, appealed to Communist rebels yesterday to give democracy "another chance."

Guerrillas killed 35 soldiers in weekend ambushes.

In the latest attack, about 100 insurgents opened fire on a three-truck military convoy in northern Cagayan province on Saturday, killing 14 soldiers and wounding several others, the Philippine News Agency (PNA) reported, quoting military sources.

A day earlier, another rebel band killed 21 soldiers in an ambush in Albay province. At least 489 people have died in rebel-related violence across the country since Aquino became president in February. Speaking at a University of the Philippines graduation ceremony, Aquino promised rebels "an honourable peace" if they agreed to negotiate an end to the 17-year guerrilla war. She said the rebels need not give up their Communist ideology and that "they will have their day" in the Philippines if attempts at peaceful reforms fail.

As Aquino spoke, about 4,000 supporters of ousted president Ferdinand Marcos, in a rally 16 kilometres away, lit fireworks, beat drums and called for Marcos's return from his Hawaiian exile.

PNA said government forces, backed by helicopter gunships and armoured vehicles, launched a major offensive to pursue the guerrillas after Saturday's ambush in Lasam municipality, 384 kilometres north of Manila.

The agency quoted residents as saying government planes bombed suspected rebel positions in the Lasam Forest after the ambush and "loud explosions" could be heard in nearby Gattaran town. Villagers in Lasam fled their homes during the bombing, the report said.

The military convoy stripped the slain troopers of their firearms, wrist watches, rings and money before fleeing.

181 stations to screen opening of Capone vault

CHICAGO (Reuter). – A cement vault believed to have been built by infamous U.S. gangster Al Capone 60 years ago will be broken open before a worldwide television audience tonight.

It could contain the bodies of rival mobsters, a hoard of prohibition-era whisky, piles of money from Capone's crime empire – or nothing at all.

Whatever the outcome, 181 television stations in the U.S. have signed up to air the syndicated two-hour show, making the programme available to 94 per cent of the country's viewers.

It will also be shown in Brazil, West Germany, Argentina, Italy, the Netherlands, the Bahamas, the Dominican Republic, Costa Rica and Paraguay.

In the best show business tradition, the vault's crudely poured concrete walls will come tumbling down at the start of the live broadcast but viewers will have to wait until near the end of the two-hour show to get a look inside.

In between they will be offered a documentary on Capone which host Geraldo Rivera claims will be "the most definitive story about Capone ever done."

The vault – a chamber 40 metres long, 2.5 metres wide, and 2.5 metres high – is beneath the pavement in front of a derelict 10-storey building which was once the Lexington Hotel.

The building was originally a luxury, turn-of-the-century hostelry, and it ended as a dosshouse. In between, it served as a 400-room brothel and, during the era which gave Chicago the reputation it still tries to live down, headquarters for Capone and his gang.

The building, which is being rehabilitated by a foundation which wants to turn it back into a hotel, also contains secret passageways, stairways and exit tunnels which Capone used to elude police and federal agents.

Capone historians have also said the hotel is probably the place where he got the venereal disease which ultimately rotted his brain and led to his death in 1948.

Gorbachev: Summit only if U.S. changes its policy

POTSDAM (AP). – Soviet leader Mikhail Gorbachev yesterday said he's willing to meet with President Reagan this year if the U.S. changes policies he charged were "poisoning the atmosphere."

Speaking to reporters in Potsdam at the site of the 1945 allied conference on Germany, the Soviet Communist Party chief said: "the meeting can take place if the U.S. realizes that it is necessary to take this path."

"If the United States realizes it is necessary to take this path we are ready. If it goes on as it is today, trying to poison the atmosphere and heighten tensions, this will throw a shadow over a future meeting," he added.

His criticism appeared to refer to U.S. military action against Libya, which has been fiercely condemned by Moscow, and made clear that prospects for a second summit would hinge on Washington's conduct towards Tripoli.

Following the U.S. bombing raid on Libya last week, the Soviet Union cancelled a planned meeting between Foreign Minister Eduard Shevardnadze and U.S. Secretary of State George Shultz in May to prepare the summit.

The Soviet move was seen in the West as a blow to prospects for a second Reagan-Gorbachev meeting in the coming months, although some U.S. officials said they believed it was only a temporary setback.

"We are ready for serious steps towards peace," Gorbachev said yesterday, but refused to be drawn on whether he thought the summit would definitely go ahead.

He was speaking at a brief encounter with reporters during a visit to the Potsdam mansion where Soviet dictator Josef Stalin signed accords on the occupation of Germany with British and U.S. leaders in 1945.

Non-aligned conference slams both U.S. and terrorism

NEW DELHI (Reuter). – Non-aligned countries yesterday ended a meeting dominated by the U.S. air attacks on Libya by denouncing Washington and international terrorism, but failed to reach a consensus on the Gulf war.

Iranian Foreign Minister Ali Akbar Velayati led a walk-out by his delegation during the closing minutes of the meeting after India, current chairman of the 101-nation Non-Aligned Movement, called for an immediate end to the six-year-old war.

A section in the group's political resolution on the war was dropped after a 14-hour, all-night final session marked by angry arguments on its wording.

Meeting ahead of a summit in Harare this September, the non-aligned group strongly attacked Washington for last Tuesday's air raids on Libya, but excluded "legitimate struggles" from its condemnation of international terrorism.

Later, Indian Foreign Minister Bali Ram Bhagat left for Tripoli at the head of a six-member delegation to offer the group's support to Libyan leader Mu'ammar Gaddafi.

Reflecting its support for groups like the Palestine Liberation Organization, the non-aligned group said:

"The legitimate struggles of peoples under colonial or racist regimes and all forms of foreign domination and occupation...in particular the peoples of South Africa, Namibia and Palestine...can in no way be considered or equated with terrorism."

The political resolution accused Washington of using terrorist practices in Nicaragua and said the U.S. was aggravating unrest in Central America.

8 die in S. African weekend

UMTATA, Transkei. – Eight people died in a weekend of South African violence and a row erupted over the funeral of an exiled nationalist and former king.

A 12-year-old black boy and a white man died in a blast at a holiday hotel in Transkei tribal homeland south, of Durban. Six other blacks were killed in unrelated violence elsewhere, including a baby burned to death in an arson attack on the home of a black councillor.

Transkei was also the scene of the funeral of Sabata Dalindjebo, former king of the Tembu clan of the Xhosa tribe and a nephew of jailed black nationalist leader Nelson Mandela.

Entry roads to Transkei, one of 10 homelands set up for blacks under apartheid, were sealed off amid expectations that hundreds of anti-apartheid activists would attend.

The king's family early yesterday won a court order instructing police and a funeral parlour to hand the body over to them by the same afternoon. Nevertheless, the family told reporters, the body was taken from the funeral parlour and buried in a non-royal cemetery without their permission.

170 Afghan rebels die in siege

ISLAMABAD. – About 170 Moslem rebels have been killed trying to break a Soviet and Afghan government siege against geurrillas holding parts of the southern city of Kandahar, travellers and wounded from the fighting said yesterday.

Communist forces encircled and attacked Kandahar's old city last Monday to try and flush out rebels who control its bazaars, the sources said in the Pakistani city of Quetta.

There were also heavy civilian casualties, many of them women and children who ignored rebel calls to evacuate the city as several thousand other guerrillas began attacking the Communists from behind, they added.

The rebels shot down two helicopters over the city yesterday but were suffering under the heavy bombing and artillery attacks, they said.

Peshawar-based rebels reported Soviet jets were bombing and shelling guerrilla positions around the clock in renewed fighting near a key guerrilla base near the Pakistani border.

One traveller who reached Quetta from Kandahar yesterday told journalists there: "I couldn't find a single spot in the city where there was no fighting."

Castro compares Reagan to Hitler

HAVANA (AP). – President Fidel Castro said President Ronald Reagan's decision to attack Libya was reminiscent of the aggression waged by Adolf Hitler more than 40 years ago.

Castro said on Saturday night that he had the "profound conviction" that Reagan is "as unscrupulous and as irresponsible as Hitler."

In a sense, he said, Reagan is potentially more dangerous than the German Nazi leader because he has a much more powerful military arsenal at his disposal, including nuclear weapons.

Castro made the remarks in a speech of almost three hours commemorating the 25th anniversary of the victory of his army over the U.S.-backed invasion by Cuban exiles at the Bay of Pigs.

Teheran claims big victory in Faw

Baghdad says vital bridge bombed out in west Iran

NICOSIA (AP). – Iraqi warplanes yesterday bombed and destroyed a strategic railway bridge linking Iran with Turkey and the Soviet Union at Mianeh, west of the Caspian Sea in Iran's Azarbaijan province, Baghdad radio reported.

The radio, monitored here, said the 340-metre concrete bridge was attacked by the Iraqi jets at 3:20 p.m. (1:20 p.m. Israeli time).

The radio quoted an unidentified Iraqi military spokesman as saying "The vital bridge was totally destroyed...Our planes returned safely to base."

Mianeh is 300 km. east of the point where the Iranian and Turkish border meet at Oshanivieh.

No immediate Iranian comment was available on the Iraqi claim which came after Iran reported that fierce fighting was raging for the second day in the Faw peninsula on the edge of the gulf in the southernmost sector of the 1,180 km. battlefront.

The official Iranian newsmedia claimed that 1,000 Iraqi troops have been killed and another 1,000 captured in the Faw battle that started on Saturday and was still raging yesterday.

Iraq's official news agency, INA, quoted an Iraqi military spokesman as saying the Iranian claim was "ridiculous."

Seven divisions of government employees in parliament, ministries and state industries left Teheran for the front yesterday.

FOREIGN NEWS IN BRIEF

Pope wishes Rome happy 2,739th birthday

VATICAN CITY (Reuter). – Pope John Paul yesterday wished the city of Rome a happy 2,739th anniversary and said the occasion should inspire Christians everywhere to reflect on the depth of their faith.

Today's anniversary is being marked by two days of celebrations which began with the pope and the mayor of Rome, Nicola Signorello, waving off a marathon through the city centre yesterday morning.

Tens of thousands of young people from Catholic schools in Rome took part in the marathon, which started from St. Peter's Square.

Sudan seeks national unity government

KHARTOUM (AP). – Consultations were under-way yesterday between Sudanese political parties to form a national unity government after the failure of any single party to gain a ruling majority in the April 1-12 elections.

The daily *al-Ayam* newspaper said Sadek el-Mahdy, head of the centrist Umma party which gained a plurality of 99 seats, was expected to send a high-level delegation to Ethiopia for talks with renegade Col. John Garang who heads a three-year rebellion in southern Sudan for economic and administrative reforms.

Probe of Titan blast to consider sabotage

VANDENBERG AIR BASE, California (Reuter). – The probe into the explosion Friday of a U.S. military Titan rocket will study the possibility of sabotage, a top air force officer said on Saturday.

The commander of the Vandenberg Air Base from where the rocket was launched, General Jack Watkins, said the investigation could take months.

"We must take everything into consideration at this stage, even sabotage," Watkins said.

Ulster Protestants hit homes, church

BELFAST (Reuter). – Protestant mobs on Saturday night attacked a police station and Roman Catholic homes and set ablaze a Catholic church in widespread violence in Northern Ireland.

A police spokesman said that in Portadown, 50 kms. from Belfast, police fired plastic bullets and fought hand-to-hand with Protestant youths who hurled petrol bombs at Catholic homes. Seven rioters were arrested.

Earlier a crowd of 1,000 besieged Portadown police station before attacking a four-man police patrol, badly injuring one officer who fired his pistol in the air to drive off the mob.

In Lisburn, eight kms. from Belfast, a Catholic church was set ablaze and badly damaged in rioting.

Sports news today on Page 6.

TODAY'S ENTERTAINMENT

TELEVISION

EDUCATIONAL:
9.20 Surprise train **9.20** Star Wars **9.45** Sam's Good Luck (part 6) **10.10** Rocking-Horse **10.40** Film on Paul Robson, bass singer **14.00** Fistuk's House **14.20** Mountains of North America **14.45** Follow Me **15.00** Making Magic **15.25** No Secrets **15.45** 100 Famous Paintings **16.55** Beat Slowly on the Drum – Film **16.30** Series on the Talmud **17.00** A New Evening – live magazine

CHILDREN'S PROGRAMMES:
17.30 Alice in Wonderland. Part 10 of a 26-part animated serial based on the book by Lewis Carroll
18.00 Problems of High School Children

ARABIC-LANGUAGE programmes:
18.30 News roundup
18.32 Programme Trailer
18.35 Sports
19.30 News

HEBREW PROGRAMMES resume at **20.00** with a news roundup
20.02 Fame: Take my Wife... Please
20.50 Beauty Spot – tips on hikes and trips
21.00 Mabat Newsreel
21.30 No Place like Home. British comedy series starring William Gaunt and Patricia Garwood
22.00 This is the Time
22.50 Dempsey and Makepeace. Part 4 of a 10-part suspense series
23.40 News

JORDAN TV (unofficial)
16.30 Cartoons **17.00** French Hour **18.30** News in Hebrew **19.00** News in Arabic **19.30** Carol Burnett and friends **20.10** Heart of the High Country **21.00** News in English **21.20** Dallas

MIDDLE EAST TV (from T.A north):
13.00 Woody Woodpecker **13.30** Another Life **14.00** 700 Club **14.30** Shape-Up **15.00** Afternoon Movie **16.30** Spiderman **17.00** Super Book **17.30** Muppets **18.00** Happy Days **18.30** Laverne & Shirley **19.00** News **20.00** Magnum P.I. **21.00** Another Life **21.30** NBA **23.30** 700 Club

ON THE AIR

Voice of Music

6.02 Morning Melodies
7.07 Bach: Concerto for flute, violin, harpsichord, in A minor
7.30 Beethoven: "Egmont" Overture; Mozart: Concerto for Flute & Harp, K.299 (Galway, Robles, London/Mata); Dvorak: Quartet Op.106; Tchaikovsky: Symphony No.4 (Chicago/Maazel)
9.30 Arnold: Guitar Concerto (Williams); Elgar: "Enigma" Variations (Gibson); Schubert: Trio Op.100 (Borodin); Khatchaturian: Symphony No.1
lend of first holiday
12.05 Elisabeth Roloff, organ – all-Bach: Concerto in D minor; 8 Chorales; Prelude & Fugue in G minor; Sonata No.1
13.00 Bartok: Microcosmos, vol.2-3; Haydn: Toy Symphony; Seter: 10 Children's Songs; Mendelssohn: Symphony No.8; Andre Hajdu: "The Milky Way", part 3
15.05 Musica Viva – Peter Hamel: Piece for clarinet & magnetic tape; Christian Wolf: Etudes 15-18
16.00 C.P.E. Bach: Magnificat; Boccherini: Symphony No.4; Tchaikovsky: excerpts from "Nutcracker"; Mussorgsky: Pictures at an Exhibition (Chicago/Giulini)
18.30 Vivaldi: "The Four Seasons" (Iona Brown); Yehuda Engel: Psalm (Adi Etzion-Zeki); Tchaikovsky: Piano Concerto No.1 (N. Tadson)
20.05 Haydn: Sonata No.9 (Vardi); Prokofiev: "Stories my grandmother told me" (Ortiz); Khatchaturian: excerpts from "Kinderszenen" (Ortiz)
20.30 Schoenberg: "Gurre"-Lieder (Radio Berlin/Chaillet)
22.30 Traditional Tunes in Israeli communities for the Passover Haggadah
23.00 Continuous Music

First Programme

6.03 Programmes for Olim
7.30 Favourite Old Songs
8.05 Compass – with Benny Hendel
9.05 Hebrew songs
9.30 Encounter – live family magazine
10.30 Programme in Easy Hebrew
11.10 Hebrew songs
11.30 Education for all
12.05 Story and Song
13.00 News in English
13.30 News in French
14.06 Children's programmes
15.53 Notes on a New Book
16.05 Radio Drama
17.20 Everyman's University
18.06 Religious programme
18.50 Bible Reading
19.05 Reflections on Portion of the Week
19.30 Programmes for Olim
22.05 I Was There – interviews

Second Programme

6.12 Gymnastics
6.30 Editorial Review
6.53 Green Light – drivers' corner
7.00 This Morning – news magazine
8.05 Puss in Sandals – children's programme
9.05 House Call – with Rivka Michaeli
10.10 All Shades of the Network
12.10 Open Line – news and music
13.00 Midday – news commentary, music
14.06 Matter of Interest
15.10 Magic Moments
16.05 Hebrew songs
17.10 Economics Magazine
17.30 On Figures and People
18.06 Education and Industry
18.45 Today in Sport
19.05 Today – radio newsreel
19.35 Law and Justice Magazine
20.05 Cantorial Hit Parade
23.05 Treasure Hunt

Army

6.05 Morning Sounds
6.30 Open your Eyes – songs, information
7.07 "707" – with Alex Ansky
8.05 Good Morning Israel
9.05 In the Morning – with Eli Yisraeli
11.05 Right Now – with Rafi Reshef
15.05 Daily Meeting – with Orly Yaniv
16.05 Four in the Afternoon
17.00 Evening Newsreel
18.05 Extracts from interviews during the Yom Kippur War
19.05 What's Doing – with Erez Tal
20.05 Blues de luxe
21.00 Mabat – TV Newsreel
21.30 Tunes
22.05 Popular songs
23.05 Night, Night – with Yoav Kutner
00.05 Night Birds – songs, chat

WHAT'S ON

Notices in this feature are charged at NIS 6.90 per line, including VAT. Insertion every day of the month costs NIS 138 per line, including VAT, per month.

JERUSALEM

Museums

ISRAEL MUSEUM. Exhibitions: "A Man and His Land," Moshe Dayan collection (opens 16.4) ◊ Permanent Display of Israel Art ◊ Dorothy Bohm, photographs ◊ Art in Context, audio-visual programme showing development of Israel Art ◊ Early 20th Century Posters, avant-garde posters ◊ Traditional Jewelry, Permanent Display, Jewish Ethnographic Jewelry. ◊ "Friendly Butterfly", illustrations by Orah Eyal ◊ From the Depths of the Sea (Rockefeller Museum) ◊ Building in Jerusalem, computer games to building with stone ◊ The Cosmic and the Divine, Andean textiles. ◊ Ancient Mirrors, display of Mirrors from Different Cultures ◊ "Nerot Mitzvah", Ideas for Light in Jewish Ritual. ◊ Placescape: 14 artists present versions of surrounding landscapes (Paley Centre, near Rockefeller Museum). ◊ Permanent collection of archeology, Judaica and ethnic art. ◊ **Visiting Hours: Main Museum** 10-5, 11 and 3:30: children's film "Eagles' Wings". 11: Guided tour of Museum in English. 8:30: Concert Plus: The Spirit of the Times and the Music; early and late 19th century styles.

EXHIBITIONS
JERUSALEM MAP HOUSE. Old City, 7 Beit El St., 288338, 423547. Roberts, Turner, etc.

L.A. MAYER MEMORIAL INSTITUTE FOR ISLAMIC ART. Visiting hours: Sun.-Thurs. 10-1; 3.30-6. Fri. closed. Sat. and holiday eve 10-1. 2 Hapalmach St. Tel. 02-661291/2. Bus No. 15.

Conducted tours

HADASSAH – Guided tour of all installations ★ Hourly tours at Kiryat Hadassah and Hadassah Mt. Scopus. ★ Information, reservations: 02-416333, 02-446271.

HEBREW UNIVERSITY
1. Tours in English at 9 and 11 a.m. from Administration Building, Givat Ram Campus. Buses 9, 28, 24 and 16.
2. Mount Scopus tours 11 a.m. from the Bronfman Reception Centre, Sherman Building. Buses 9, 28, 4a, 26 and 23 to the first underground stop. Further details: Tel. 02-882819.

AMIT WOMEN. (Formerly American Mizrachi Women). Free Morning Tours – 8 Alkalai Street, Jerusalem. Tel. 02-699222.
ORT. To visit our technological High Schools call Jerusalem 533141; Tel Aviv 396171, 233231, 240529; Netanya 33744.

TEL AVIV

Museums

TEL AVIV MUSEUM. Exhibitions: The Want of Matter, a Quality in Israeli Art; 21 elite Israeli artists show work of last 25 years. The Museum's collection of classical, impressionist, post-impressionist and contemporary art. Museum Visiting Hours: Sun.-Thur. 10-2; 5-9. Sat. 11-2; 7-10. Fri. closed. **Helena Rubinstein Pavilion.** In the Footsteps of Paper Paths. Activities for children (grades 1-5). Mon., Tue. 9:30-11 a.m.; 11:30 a.m.-1 p.m.; 4-5:30 p.m.

Conducted Tours

AMIT WOMEN (formerly American Mizrachi Women). Free Morning Tours – Tel Aviv, Tel. 220187, 233154.
WIZO. To visit our projects call Tel Aviv, 232939; Jerusalem, 226060; Haifa, 88817.
PIONEER WOMEN – NA'AMAT. Morning tours. Tel Aviv, 210791. Jerusalem 244878.

HAIFA

Museums

HAIFA MUSEUM, 26 Shabtai Levy St. Tel. 04-523255. Exhibitions: **Modern Art** – Reuven Rubin, the portrait in his work in retrospective; Material – a Medium of Expression; Pop Art – its influence, its Consequences. **Ancient Art** – Jewish coins of the Second Temple Period, Egyptian textiles, terracotta figurines, Shikmona finds. **Music and Ethnology** – Jewish costumes. 20 porcelain pieces from the Fela and Natan Celnik collection, U.S.A. Open: Sun.-Thur. and Sat. 10-1; Tue. and Sat. also 6-9. **Ticket includes admission to National Maritime and Prehistory Museums.**

Miscellaneous

WHAT'S ON IN HAIFA, dial 04-640840.

CINEMAS

JERUSALEM 4:30, 7, 9
Eden: Remo 4:30, 7, 9:30; **Edison:** Delta Force 4:30, 7, 9:15; Rocky IV, Sun., Mon., Tue. also 11 a.m.; **Hebira:** No Milk Today 4:30, 7, 9; Sun., Mon., Tue. also 11 a.m.; **Kfir:** Out of Africa 5:45, 9; Back to the Future, Sun., Mon., Tue. also 11 a.m.; **Mitchell:** Pyramid of Fear; **Orgil:** Journey of Natty Gann, Sun., Tue. 10:30 a.m., 4:30, 7, 9; Mon. 4:30, 7, 9; Thur. 7, 9; **Orna:** Wild Cats 4:30, 7, 9:15; **Ron:** Tomboy 4:30, 7, 9; Hercules, Tue., Wed., Thur. 10:15 a.m.; Funny People, Tue., Wed., Thur. 7; **Semadar:** Choose Me 7, 9:15; **Binyenei Ha'uma:** Le Histoire Officiale 7, 9:15; **Beit Agron:** Snow White 10 a.m.; Chitty Chitty Bang Bang 11:30; Moving Violations 4; The Love of Swann 6; Silent Movie 8:48 Hours 10 p.m.; **Cinematheque:** Le Ballon Rouge and Jeux Interdits 11 a.m.; The Empire Strikes Back 4; My Bodyguard 7; The Tiger of Eschnapur 7 (small hall); Adieu Philippine 9 (small hall); Citizen Kane 9:30 (small hall); **Israel Museum:** C.H.O.M.P.S. 11 a.m.; 3:30

TEL AVIV 4:30, 7:15, 9:30
Allenby: Protector 5, 7:30, 9:30; **Beit Leissin:** Fandango, Sun., Mon., Tue., Thur. 11:15 p.m.; **Ben-Yehuda:** No Milk Today, Sun., Mon., Tue. 11, 2, 4:30, 7:15, 9:30; Wed. 11 a.m.; Thur. 11, 7:15, 9:30, 11:15; **Chen 1:** A Chorus Line 5, 7:20, 9:45; Thur. 7:20, 9:45; Lady and the Tramp, Sun., Mon., Tue. 10:30, 12:30, 2:30; Thur. 11 a.m.; **Chen 2:** Journey of Natty Gann 5, 7:25, 9:40; Thur. 11 a.m.; Sun., Tue. 10:30, 12:30, 2:30; **Chen 3:** Year of the Dragon 9:40; Lady and the Tramp, 5, 7:15; Thur. 7:30; Alice in Wonderland, Sun., Mon., Tue. 10:30, 12:30; Thur. 11 a.m.; **Chen 4:** Marie 7:20, 9:40; Ugly Dachshund, Sun., Mon., Tue. 10:30, 12:30, 2:30, 5; Thur. 11 a.m.; **Chen 5:** Stitches 7:30, 9:45; Thur. 7:30, 9:40; Goonies, Sun., Mon., Tue. 10:30, 12:30, 2:30, 5; Thur. 11 a.m.; **Cinema One:** To Live and Die in L.A., Sun., Mon., Tue. 4:30, 7:15, 9:30; **Cinema Two:** Back to the Future Sun., Mon., Tue. 4:30, 7:15, 9:30, Thur. 7:15, 9:30; **Dekel:** Jewel of the Nile; **Drive-in:** Pyramid of Fear 7:15, 9:30 (exc. Wed.); **Esther:** Spies Like Me; **Gat:** Twice in a Lifetime, Sun., Mon., Tue., Wed. 4:30, 7:15, 9:30; Thur. 7:15, 9:30; **Gordon:** The Official Story; **Hod:** Romeo, Sun., Mon., Tue. 4:30, 7:15, 9:30; Thur. 7:15, 9:30; Back to the Future 11 a.m.; **Lev I:** Wild Cats 1:45, 5, 7:30, 9:45 (exc. Wed.); Thur. 7:30, 9:45; **Lev II:** Target 1:30, 4:50, 7:15, 9:30; Thur. 7:15, 9:30; **Limor Hamehudash:** Prizzi's Honor 4:30, 7, 9:30; The Mad, Mad Jungle 11 a.m.; **Maxim:** Witness 4:30, 7, 9:30; **Mograbi:** Miami Super Cop; **Orly:** Pyramid of Fear, Sun., Mon., Tue. 4:30, 7:15, 9:30; Thur. 7:15, 9:30; **Paris:** When Father Was Away on Business 11:30, 2, 4:30, 7:15, 9:30 (exc. Wed); **Peer:** Sweet Dreams; **Shahaf:** Out of Africa 5:45, 9:15; Wed. 11 a.m.; **Studio: Zorii; Tamuz Hamehudash:** Water 7:15, 9:30; Neighbours, Thur. 11:45 p.m.; **Tchelet:** Jagged Edge; **Tel Aviv:** Delta Force, Sun., Mon., Tue. 4:30, 7, 9:30; Thur. 7, 9:30; American Ninja, Wed. 11 a.m.; **Tel Aviv Museum:** Smile of the Land 4:30, 7:30, 9:30; **Zafon:** Eleni 4:30, 7, 9:30; **Israel Cinematheque:** Liliom 7; A Bout de Souffle 9:30; Beth Hatefutsoth: The Fixer 7

HAIFA 4, 6:45, 9
Amphitheatre: Remo 4:30, 7, 9:15; **Armon:** Miami Super Cop 4:30, 6:45, 9; **Atzmon:** No Milk Today 4:30, 7, 9:15; **Chen:** Stitches 4:30, 6:45, 9; **Keren Or Hamehudash:** When Father Was Away on Business 4, 6:30, 9; **Oren:** Out of Africa 6, 9; Cinderella and the Blue Puppy 4; **Orly:** Twice in a Lifetime 9 p.m.; Lady and the Tramp 11, 4:30, 6:30; Thur. 7; **Peer:** Wild Cats 4:30, 7, 9; **Ron:** Delta Force 4, 6:30, 9; **Shavit:** Official Story 7, 9; **Rav-Gat 1:** A Chorus Line 7, 9:15; Journey of Natty Gann 11, 4:30; **Rav-Gat 2:** Journey of Natty Gann 7, 9:15; Lady Hawk 11, 4:30; **Centre Culturel Francais:** Domicile Conjugal 9:30

RAMAT GAN
Armon: Spies Like Us 5, 7:15, 9:30; Thur. 7:15, 9:30; **Lily:** Purple Rose of Cairo 7:15, 9:30; The Mad, Mad Jungle 4:30; **Oasis:** Miami Super Cop 5, 7:15, 9:30; Thur. 7:15, 9:30; **Oasis:** No Milk Today 4:30, 7:15, 9:30; **Ramat Gan:** Remo, Sun., Mon., Tue. 4:30, 7:15, 9:30; Thur. 7:15, 9:30; **Rav-Gan 1:** A Chorus Line 7:30, 9:30; Thur. 7:20, 9:40; Journey of Natty Gann Sun., Mon., Tue. 10:30, 12:30, 2:30, 5; Thur. 11 a.m.; **Rav-Gan 2:** Journey of Natty Gann 7:20, 9:40; Pete's Dragon, Sun., Mon., Tue. 10:30, 12:30, 2:30, 5; Thur. 11 a.m.; **Rav-Gan 3:** Twice in a Lifetime 7:30, 9:40; Thur. 7:20, 9:40; Goonies, Sun., Mon., Tue. 10:30, 12:30, 2:30, 5; Thur. 11 a.m.; **Rav-Gan 4:** Jagged Edge 7:20, 9:45; Lady and the Tramp, Sun., Mon., Tue., 10:30, 12:30, 2:30, 5; Thur. 11 a.m.;

HERZLIYA
David: No Milk Today, Sun., Mon., Tue. 4:30, 7:15, 9:30; Thur. 7:15, 9:30; **Hechal:** Out of Africa, Sun., Mon., Tue., Thur. 6, 9; **Tiferet:** Delta Force 4:30, 7:15, 9:30; **Daniel Hotel Auditorium:** Plenty, Mon., Tue. 7, 9:30;

HOLON
Migdal: Spies Like Us 5, 7:15, 9:30; **Savoy:** Delta Force, Sun., Mon., Tue. 4:30, 7, 9:30; Thur. 7, 9:30; **Armon Hamehudash:** Miami Super Cop, Sun., Mon., Tue. 5, 7:15, 9:30; Thur. 7:15, 9:30; Lord of the Rings, Thur. 11:30 p.m.

BAT YAM
Atzmaut: Delta Force, Sun., Mon., Tue. 4:30, 7, 9:30; Thur. 7, 9:30;

GIVATAYIM
Hadar: Out of Africa, Sun., Mon., Tue., Thur. 6, 9

RAMAT HASHARON
Kochav: Purple Rose of Cairo, Sun., Mon., Tue., Thur. 9:30 p.m.; Alice in Wonderland, Mon., Tue., Thur. 11 a.m., 4; Wed. 11 a.m.; Rambo, Sun., Mon., Tue., Thur. 7

PETAH TIKVA
G.G. Hechal 1: Delta Force, Sun., Mon., Tue. 4:30, 7, 9:30; Thur. 7, 9:30; Rambo, Sun., Mon., Tue. 11 a.m.; **G.G. Hechal 2:** Prizzi's Honor, Sun., Mon., Tue., Thur. 7, 9:30; Lassie Come Home, Sun., Mon., Tue. 10:30, 12:30, 2:30, 4:30; Wed. 11 a.m.; **G.G. Hechal 3:** Back to the Future, Sun., Mon., Tue. 10:30, 12:30, 2:30, 4:30, 7:15, 9:30; Thur. 7:15, 9:30

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WEEKLY REVIEW

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After the Raid

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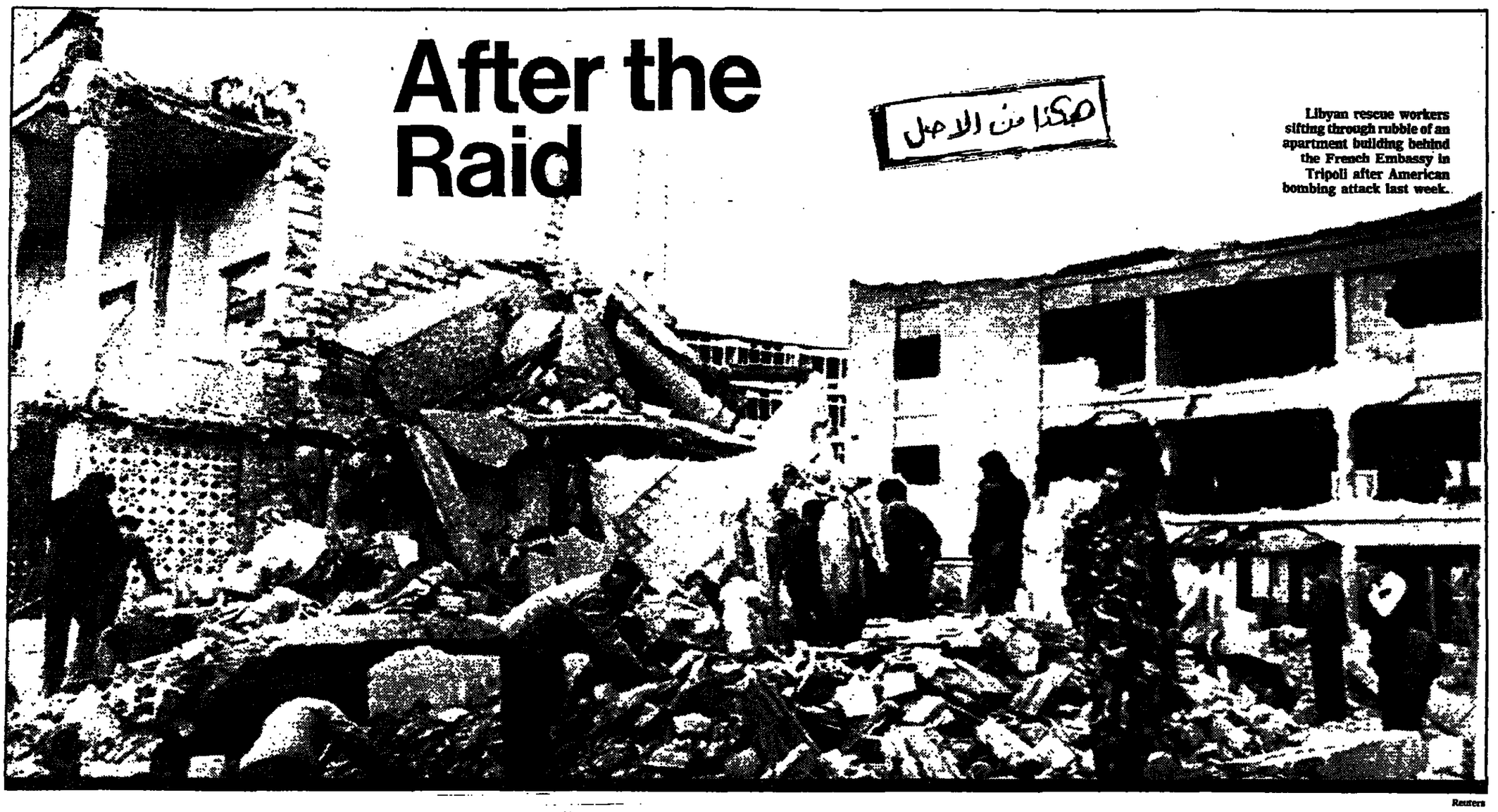


Libyan rescue workers sifting through rubble of an apartment building behind the French Embassy in Tripoli after American bombing attack last week.

Reuters

Where Will Reagan's Libyan Battle Plan Lead?

By DAVID K. SHIPLER

WASHINGTON

DURING just 11 minutes in the night skies over Libya, United States warplanes opened a new chapter last week in the confrontation between the technological power of the West and the ideological fervor of Middle East terrorism.

With something of the same mathematical calculation that delivered the sophisticated, laser-guided bombs and missiles to their targets, the White House employed a cold logic against a milieu of turbulent zealotry, reasoning that Col. Muammar el-Qaddafi, the Libyan leader, would respond to punishment by halting terrorist attacks on Americans or — as Secretary of State George P. Shultz explained — that he might be overthrown by dissident military factions annoyed at losing valuable equipment. "If a coup takes place, that's all to the good," Mr. Shultz declared in what may have been the first case of a postwar Secretary of State's publicly advocating the overthrow of another government.

There were reports of sporadic internal fighting in Tripoli after the air strike. But whether a coup would be desirable would depend on what kind of new regime it produced. As menacing as Colonel Qaddafi has been, the alternatives could be worse for American geopolitical interests. A senior White House official acknowledged, as diplomats and academic experts on Libya had observed, that the army appears to contain competing elements, some moderate but others either strongly pro-Soviet or deeply fundamentalist. One might produce a solid, dependable client for the Russians, more of a Soviet asset in the strategic Mediterranean than the erratic, unpredictable Colonel Qaddafi. The other could mean an Islamic fundamentalist regime as anti-American as that of Iran's Ayatollah Ruhollah Khomeini.

In either case, the United States would have solved one problem by creating another. "We have to be very careful," the White House aide said. "We can't control, but we can influence" by finding "pockets of opposition," he said. "We have tried from time to time to make contact with those people, but to sustain the operation is very difficult."

Since American law prohibits the assassination of heads of state, killing Colonel Qaddafi cannot be a stated objective of the Reagan Administration. "He was not a direct target," Mr. Shultz insisted, despite the bombing of the Libyan leader's quarters where his adopted infant daughter died and two young sons were injured. "We knew that that was his residence and that he perhaps might be there and members of his family," said a senior White House official. "We were showing him that we could get people close to him, and this is the price he's going to have to pay for continued terrorism, and that's why members of his family were hurt during this thing."

Washington officials spoke in the dispassionate terms suitable to corporate board rooms. Missing from the conversations were the emotions of nationalism and vengeance and the hurt of vulnerability, which fuel both terrorism and the responses to it. Indeed, from the perspective of a small band of angry men with a few guns and explosives, the events of the week probably illustrated terrorism's utility as a weapon of the powerless against the powerful. On the balance sheet for the attack, both the credit and debit columns began to fill.

Support Across America

Many officials believe that a government cannot stand motionless against terrorism without losing popular support. Terrorism's most important threat is not to the physical safety of a citizenry — the number of victims is relatively small — but to a national psychology. Therefore, even if there is nothing much that can be done, many political leaders think some action becomes preferable to inaction. Perhaps that is why last week's bombing drew solid support across America — from 77 percent of those surveyed in a New York Times/CBS News Poll, for example — and produced a flood of phone calls and telegrams to the White House greater, it said, than any since the resignation of President Nixon.

The approval was a plus for President Reagan, and it gave muscle to the threats he has been voicing for months. The attack may have temporarily patched up the image of a mighty America, damaged by the fiasco in Lebanon, where United States marines, warships and aircraft proved ineffectual against corrosive guerrilla warfare. But the terrorism resumed so quickly last week that the impression of new strength began to fade.

A United States communications technician in the Sudan was shot and wounded, prompting before dawn Friday an evacuation of dependents of American diplomats and others from Khartoum. American embassies were placed on alert, and many tourists curbed plans for summer trips abroad. Even in its offensive, then, the United States seemed in retreat. "There is something anticlimactic about military power," wrote Fouad Ajami, a professor of Middle Eastern studies at the Johns Hopkins School of Advanced International Studies. "Once it is deployed, those who deployed it come to learn of its limits." So do those against whom it is deployed.

Internally in Libya, "we probably put off a coup that was coming in the next year or so," said Lisa Anderson, an associate professor of political science and a specialist on North African and Libyan affairs at Harvard. "What we've done is really weaken the moderate, pro-American factions within the elite. It is going to be harder to act against him because it's going to look as if you're doing it at American urging."

Externally, there were also political costs. Even though the Soviet Union failed to provide intelligence to Libya on the impending attack, American officials said, it canceled Foreign Minister Eduard A. Shevardnadze's trip to Washington, scheduled for mid-May, to work on a second meeting between President Reagan and Mikhail S. Gorbachev, the Soviet leader. This was taken as a sign of Moscow's reluctance to hold a summit without progress on arms control, and it seemed to rule out a meeting before the November elections.

Hostility in Europe

Washington's efforts to restrict the attack to military targets — airfields, barracks and a terrorist training camp — did little to dampen anti-American hostility in Europe and the Middle East. The deaths of innocents prompted the left-of-center New Statesman of London to denounce American "state terrorism." Prime Minister Margaret Thatcher appeared to have been politically weakened by her decision to allow F-111's to leave on the mission from bases in Britain; she was strongly criticized by politicians and newspaper columnists as polls showed two-thirds of Britons opposed to the attack. In Lebanon, one American and two British hostages were killed, their bodies found with a note saying the murders were retaliation for the American raid. France's refusal to allow the planes to fly through its airspace highlighted the fissures that exist in the Atlantic alliance, cracks that Moscow has been trying to exploit.

In the Arab world, even countries menaced by Qaddafi-inspired subversion issued condemnations. Chedli Klibi, the Secretary General of the 21-member Arab League, contended that the attack "compromises, perhaps irreversibly, United States relations with Arab peoples." As Mr. Ajami noted, while Colonel Qaddafi is hated in the region, "he acts out the anti-Western resentments of more ordinary, mainstream opinion."

Israel endorsed the American attack, which resembled the Israeli tactic of holding neighboring Arab states accountable for the use of their territory by terrorists. This is what Israelis call having a "return address" for terrorist acts, and it has worked with Syria, Jordan and Egypt, which have long tried to prevent Palestinian guerrillas from crossing their borders into Israel. Consequently, Israel's frontiers have been mostly quiet, except for the one with Lebanon, where the central Government is too weak to police its border areas.

Libya may be only a partial parallel, however. It may have ordered the April 5 bombing of a West Berlin discothèque frequented by American soldiers, as President Reagan charged in justifying the American air strike, but Libya probably could not turn off much international terrorism, even if it wished. The terrorist groups, mostly Palestinian, get weapons, training, intelligence and safe haven from various sources, not just Colonel Qaddafi.

So the balance sheet's bottom line remains to be written.

President Reagan with Secretary of State George P. Shultz (left) and Defense Secretary Caspar W. Weinberger at the White House last week.

Associated Press

Six Hostile Years

1981:

May — The United States orders Libya to close its diplomatic mission in Washington, citing "support for international terrorism."

August — American Navy jets shoot down two Libyan warplanes off Libya after being fired on. Qaddafi urges Arab "active forces" to retaliate.

1982:

March — Reagan Administration imposes embargo on Libyan oil, curtails exports of technology to Libya.

1983:

February — Libya says U.S. is jamming its communications, warns that Gulf of Sidra will be bay of "blood and fire" if U.S. carrier enters.

August — Navy jet fighters from carrier Eisenhower intercept two Libyan MIG-23's off Libya's coast; MIG's turn away.

1984:

May — Qaddafi denounces Reagan as the "worst terrorist in the world," following attack by anti-Government guerrillas on a barracks usually used by Qaddafi.

July — Fighter planes from carrier Saratoga fly over the Gulf of Sidra; no incidents reported.

1985:

December — State Department says Soviet Union provided SA-5 long-range ground-to-air missiles to Libya that would pose a threat to aircraft in disputed Mediterranean areas.

December — United States accuses Libya of aiding terrorists who staged attacks at the Rome and Vienna airports two days after Christmas, says it will work with other governments to "exert pressure" on Libya to halt export of terrorism.

1986:

January 9 — American banks freeze Libyan assets under Reagan order.

March 24 — United States Navy planes attack two Libyan patrol boats near "line of death" in Gulf of Sidra waters claimed by Libya; Libyan shore batteries and radar also attacked.

April 5 — United States blames Libya for blast that kills one American, injures 230 people in West Berlin discothèque.

April 9 — Reagan calls Qaddafi "mad dog of the Middle East," Qaddafi replies Reagan is "old man."

April 14 — U.S. planes bomb Libya, killing Qaddafi's adopted infant daughter, injuring two of his sons and at least a dozen other people. Senior White House official says, "We were showing him that we could get people close to him."

April 18 — Reagan says, "We weren't out to kill anybody."

The World

Botha Promises A Revision Of the Pass Laws

President P. W. Botha told South Africa's Parliament last week that blacks jailed or awaiting trial for violating the country's pass laws would be released immediately and that new standard identity cards for all races would be issued in July.

Thousands of blacks attempting to live and work in and around white cities have been arrested every year on charges of violating laws that require all blacks to carry passes restricting their movements. More than half of South Africa's 23 million blacks have long been forced to reside in impoverished rural areas known as "homelands."

Anti-apartheid activists such as Bishop Desmond Tutu, the Nobel Peace Prize winner who was elected Archbishop of Cape Town last week, greeted Mr. Botha's announcement with reserve.

"The moratorium and release of pass offenders can only be welcomed," Bishop Tutu said. "However, I hope there is not a sting in the tail. One has to be very careful that they are not going to find another way of harassing blacks."

Added Sheena Duncan, who monitors pass law violations for the anti-apartheid group Black Sash: "We are holding back until we see if they are going to replace it with another type of control."

Colin J. Eglin, the opposition leader in the all-white Parliament, said the changes "will undoubtedly help to ease the tensions and the conflict situation — and could help create the climate necessary if there are going to be meaningful negotiations in the constitutional field."

President Botha did not describe the provisions of the new regulations, which the Government is expected to publish this week. Earlier, he had said the pass laws would be replaced with a policy he called "orderly urbanization."

A Bomb Plot Foiled in London

Israeli airline security guards at Heathrow Airport in London took a hard look at Anne-Marie Murphy and her luggage last week as she was about to board an El Al flight for Tel Aviv. Beneath a false bottom in her bag they found 10 pounds of plastic explosive rolled paper-thin — enough, the police said, to destroy the El Al Boeing 747 and its 340 passengers.

The police said Miss Murphy told them that the bag, which had passed unnoticed through Heathrow security checks, had been handed to her by Nazar Hindawi, a Jordanian who had several passports. The woman's father said Mr. Hindawi had given Miss Murphy, who is pregnant, $300 to buy a wedding dress and promised that they would be married yesterday in Israel. At the airport, according to the police, Mr. Hindawi told his fiancée he had second thoughts about flying on an Israeli plane and would take a different airline. He hurried off but was arrested later at a London hotel.

A sophisticated microchip timer was set to ignite the bomb after a stopover in Munich, the police said. It was possible that Miss Murphy, who had been working as a hotel maid in the London Hilton, intended to disembark at Munich, the police said, but more likely she was an innocent victim of the plot.

"I nearly died," said Miss Murphy's mother, Cathleen Murphy, who has 10 children and lives in public housing near Dublin. She added, "I got a terrible shock. My husband has been crying all night, but there is no doubt that she is innocent. I do not think very much of that boyfriend."

Heathrow went on high security alert after Prime Minister Margaret Thatcher granted permission for United States bombers based in Britain to take part in last week's attack on Libya.

However, El Al was said to be the only foreign airline at the London airport that routinely conducted its own inspection of luggage.

The Swiss Freeze Duvalier's Assets

Contrary to the widely held public notion, ill-gotten money deposited in Swiss banks has never been perfectly safe from prying foreign governments, and last month, Switzerland, saying that it "does not protect criminals," froze the holdings of the former Philippine President, Ferdinand E. Marcos, his family and entourage.

In a similar case, Haiti, seeking to recover the fortune of former President Jean-Claude Duvalier, requested last week that the Swiss freeze the accounts of the President and seven of his relatives. The Swiss complied.

When Mr. Duvalier and his family and retainers left Haiti Feb. 7 for exile in France, their wealth was estimated at between $100 million and $800 million, but there was no immediate information on how much might be in the Swiss accounts. Describing the fiscal practice of the Duvalier Government, a foreign economist who has long worked in Haiti said, "There were literally bags of money moving around. Ministers had drawers full of money; that's how business was done." The Haitian Government is expected to send a mission to the United States to ask for similar cooperation.

The Marcos case was more complicated. Switzerland froze the Marcos accounts after receiving a tip that they were about to be drained; the Philippine Government did not request the action or provide a list of the people and companies whose money should be held. So the freeze applied to accounts bearing the Marcos name, but it was not known what other accounts should be frozen, how much money was in them or whether some had been emptied.

Stalin's Daughter Returns to West

"To go visiting is fine," says a Russian proverb, "but it is better at home." For Stalin's 60-year-old daughter, Svetlana Alliluyeva, and his 14-year-old granddaughter, Olga Peters, the location of home has long been a problem, and last week they switched residences again, leaving the Soviet Union and returning to live in the West.

Miss Alliluyeva's first defection was in India in 1967. She renounced her Soviet citizenship, was often critical of the Soviet Union, married William Wesley Peters, an American architect, and wrote and published two volumes of memoirs, which became bestsellers.

She and Mr. Peters were divorced in 1973, and she moved to Britain, where her daughter attended a Quaker school in Saffron Walden. In 1984, Miss Alliluyeva took her daughter back to the Soviet Union, saying that she had not had a day of freedom in the West and that the Central Intelligence Agency had exploited her.

She and Olga lived in Tbilisi, the capital of Soviet Georgia, Stalin's native region. She was reported to have been unhappy in Georgia.

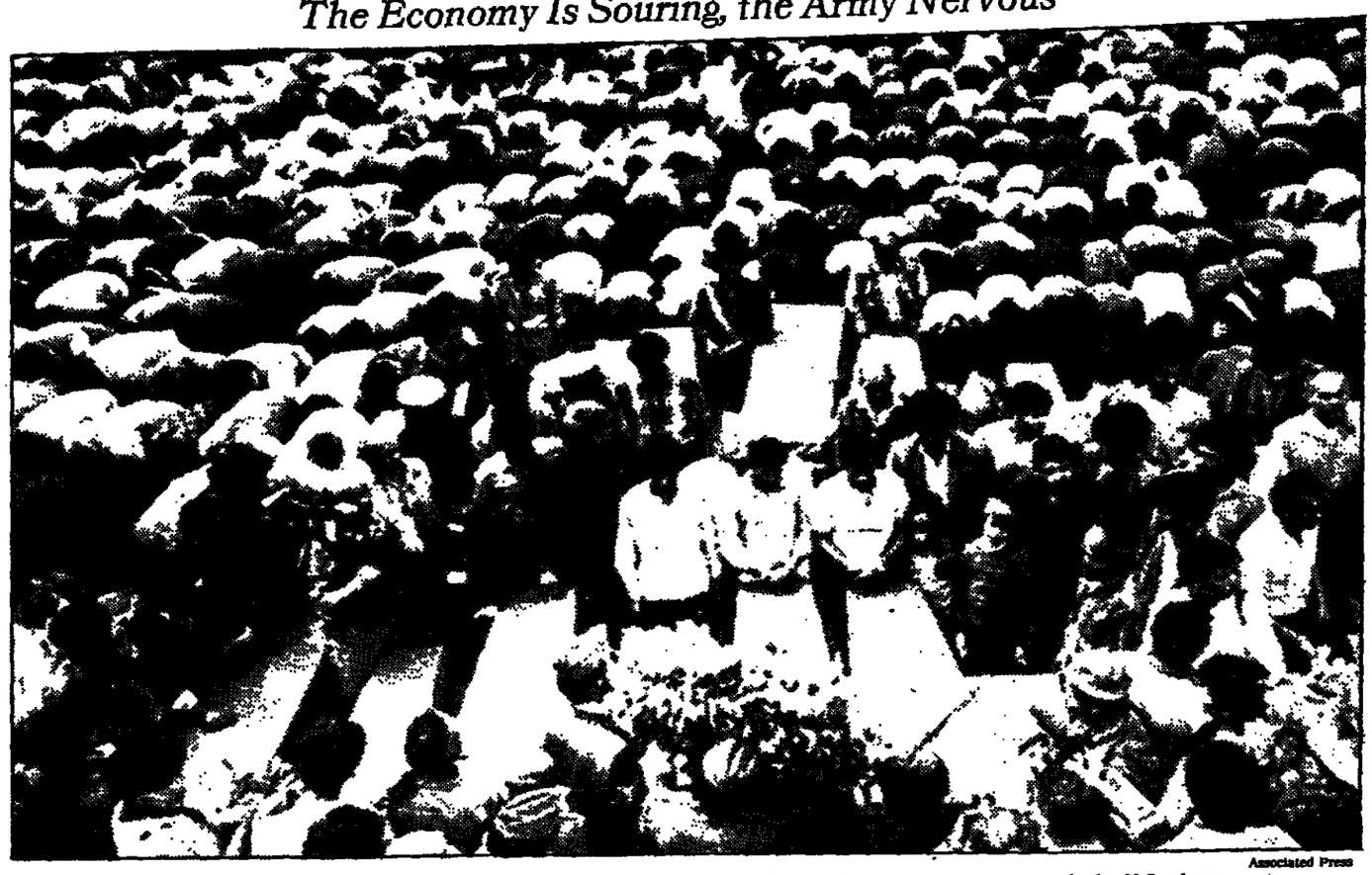
On Tuesday, Olga arrived alone in England, went to her old school and said of the land her grandfather ruled for 29 years, "It was a great experience, and I don't regret any of it." Her mother left the next day, and is staying with friends in Spring Green, Wis., while deciding what to do next.

James F. Clarity, Milt Freudenheim and Richard Levine

Press Association

Olga Peters (right) at reunion with classmates in Saffron Walden, England.

The Economy Is Souring, the Army Nervous



Associated Press

Libyans kneeling at funeral in a Tripoli cemetery last week for people said to have been killed during bombing attacks by U.S. planes.

Qaddafi Is Also Facing Homegrown Opposition

By JUDITH MILLER

LONG before the Americans began their step-by-step escalation of force in retaliation for Libyan-sponsored terrorism in Europe, Col. Muammar el-Qaddafi was facing the worst internal problem he has confronted as the leader of Libya — the sharp drop in oil prices.

Oil problems are not new to him. Soon after he took power in 1969, Colonel Qaddafi began urging Arab producers to raise prices and follow the Libyan example of demanding higher royalites from Western companies. The Colonel got higher payments from American oil companies several years before the major oil-price increases of the early 1970's.

Now, the plunge in oil prices has cut Libya's income by more than two-thirds and hindered the Colonel's ability to implement his grandiose plans. Diplomats estimate that Libyan oil revenues, $22 billion in 1980, fell to less than $8 billion last year and could drop below $5 billion this year, barely enough to pay for the $4 billion worth of food and other necessities Libya imports annually for its 3.5 million people.

Until recently, shortages of food and other basic commodities were endemic. Lines rivaled those of Eastern Europe, and critics joked about what they dubbed Qaddafi's "miracle," the transformation of an oil-rich Arab nation into an impoverished police state.

The regime, jittery about growing discontent over shortages, staved off potential unrest with massive short-term imports. In early March, for example, the first shipments of a $75 million order of Irish meat arrived.

Beyond economic discontent, Colonel Qaddafi faces opposition within Islamic circles, infuriated by what they consider his radical, "un-Islamic" interpretations of the Koran, Islam's holy book, mandating such things as military training for women.

An even greater threat is growing dissent in the military. The armed forces have made little secret of their opposition to Colonel Qaddafi's plans to replace them ultimately with an "armed people." The military also resent the increasing influence of youthful revolutionary committees.

Some diplomats say such disagreements led to the assassination last November of Col. Hassan Ishkal, an army leader who also was Colonel Qaddafi's cousin. Accounts of Mr. Ishkal's death vary, but most assert that Colonel Qaddafi had a hand in his murder, a perception that risks spurring family and tribal feuds.

Colonel Qaddafi's frustration surfaced in a series of bizarre interviews earlier this year.

"Petroleum societies are lazy," he complained, disdainful of his people's taste for imported goods, their unwillingness to work for the Islamic utopia he has been trying to create. "People are slow to change," he said, chiding their resistance to his plans for transforming this highly traditional, Bedouin-dominated society into one in which arms and the means of production are theoretically in the hands of the masses.

Diplomats are divided about whether these problems would have prompted the regime's eventual collapse or overthrow without American action. Most diplomats in Tripoli believe the Colonel was in deep trouble. They criticized American economic sanctions against Libya in January and the attack on Libyan patrol boats in the Gulf of Sidra in March. Rather than weakening the Colonel, they argued, these attacks made him a hero to many Arabs, forced moderate Arab Governments that detest him to extend at least rhetorical support and rallied his disenchanted people to his defense.

American officials argued, by contrast, that the Colonel's regime would not fall without a strong push. Domestically, they said, he was prepared to kill potential rivals, such as his cousin, and he ruthlessly repressed dissent in his erratic but relatively efficient police state.

In foreign policy, there was little indication that, despite its financial crunch, Libya was abandoning its international terrorist network, its war in Chad or its subversive activities in neighboring Sudan and other African states, where Colonel Qaddafi has gained considerable influence.

One American official explained that the Reagan Administration hoped Libya would prove to be another Philippines, that American political and military nudging would set the backdrop for the overthrow of the regime. Secretary of State George P. Shultz acknowledged as much at a news conference Thursday. He denied, however, that the air attack was staged expressly to kill Colonel Qaddafi.

Israel's Coalition Cuts Inflation

Politics With a Penchant for Melodrama

By THOMAS L. FRIEDMAN

JERUSALEM

SEVERAL years ago a Secretary of the Israeli Cabinet was asked during a boisterous demonstration outside the Prime Minister's office whether the ministers inside were being disturbed. "No," he told reporters with a wry grin, "the Cabinet room is well insulated from the outside world."

Indeed, in the last two weeks Israel's politicians have never appeared more insulated — and isolated — from the public. This was amply illustrated during the recent Cabinet "crisis" and also in the debate over daylight saving time.

The Cabinet crisis began when Minister of Finance Yitzhak Modai hurled a few insults at Prime Minister Shimon Peres, and Mr. Peres threatened to dismiss him. What started as a debate of high moral principle about the proper comportment of a minister was quickly turned into a naked power struggle between the Labor and Likud factions, which make up the core of the national unity Government. It was soon apparent that Mr. Peres, despite his rhetoric of morality, was not so much interested in punishing Mr. Modai for his insults as he was in using the insults for other purposes: to break up the coalition or to get Mr. Modai out of the Finance Ministry because he was refusing to channel economic aid to ailing Labor-affiliated concerns.

The Likud leader Yitzhak Shamir, as he was thumping tables in public and vowing never to allow Mr. Modai to be forced from his job, began secret negotiations with Mr. Peres that would lead to just that. Mr. Shamir demonstrated that he will swallow almost anything to prevent a breakup of the Cabinet because he is scheduled to switch jobs with Mr. Peres in October and become Prime Minister himself. The "crisis" came to a close when it was agreed that Mr. Modai would swap portfolios with Justice Minister Moshe Nissim.

When the ministers finally looked up from their struggle Sunday night, however, they discovered an Israeli public staring right through the gap between what the politicians were saying and what they were doing. Not only did the public not buy for a minute the politicians' moralizing justifications of the crisis, but people were actually heard expressing resentment at the insult to their intelligence.

Concluded the daily newspaper Ma'ariv: "The coalition melodrama that raged last week succeeded in achieving such records of absurdity and ridiculousness that not even the Israeli public, accustomed as it is to the latter, could have imagined it."

Agence France-Presse

Likud leader Yitzhak Shamir (far left) conferring with Yitzhak Modai last week before a Cabinet meeting; Prime Minister Shimon Peres announcing a Labor-Likud agreement on Cabinet portfolios.

"Peres really misread the public mood," said one of Israel's leading pollsters, who asked not to be identified.

In a way, Mr. Peres has been a victim of his own success. It is largely because of his efforts that the coalition Government has achieved the level of economic reform and public calm that it has. At the same time, though, he could not have done it without a national unity Cabinet to work through. As a result, the Israeli public wants to hold onto this Cabinet at almost any price, even if Mr. Peres and Mr. Shamir have to switch jobs in October. Israelis have already sacrificed too much — 25 percent of their real wages in many cases — to get inflation down from 400 percent to 20 percent. They are not prepared to let the politicians, for their own narrow interests, risk squandering it. Without both major parties joined in a bipartisan effort to administer the very harsh medicine needed to cure the Israeli economy, no cabinet would have the courage or the support required to sustain the economic reforms. And the public would approve a break up of the coalition only on an issue of war or peace.

There is another public outcry against coalition politics in the making — over the issue of daylight saving time. The ultra-Orthodox Minister of Interior, Rabbi Yitzhak Peretz, is refusing to institute the system because it would mean that the Sabbath would end around 9:00 P.M. on Saturday — so late that many people would be tempted to violate it. Both Mr. Peres and Mr. Shamir, afraid to alienate the tiny religious parties needed to build future coalitions, have refused to force Rabbi Peretz's hand — even though the vast majority of Israelis want to set their clocks ahead an hour in order to start the day in the cool of the morning and end it earlier, avoiding an hour's work in the heat of the late afternoon.

The public has started to revolt against the so-called "tyranny of the Orthodox." The post office, the Manufacturers Association, supermarkets, insurance companies, banks, even the entire towns of Eilat and Kfar Saba, have unilaterally declared that they are going over to summer daylight saving time, no matter what Rabbi Peretz and the Cabinet say.

"What we are seeing in the public's reactions," remarked a philosopher, David Hartman, "is a revolt against a system of coalition politics which has lost touch with what people are feeling and what they can put up with."

What the reactions also tell us, he added, is that there may now be a constituency of Israelis who are beyond party politics, who define their identities independently of party squabbles and who are looking for a national statesman to surface above the party politicians. Until the last few weeks, Mr. Peres was rising to that level of statesman, said Mr. Hartman, adding:

"Peres fell back into the pit, but it might not be too late for him to climb back out."

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Vote on Military Aid Is Put Off

In the House, Maneuvering Over Nicaragua

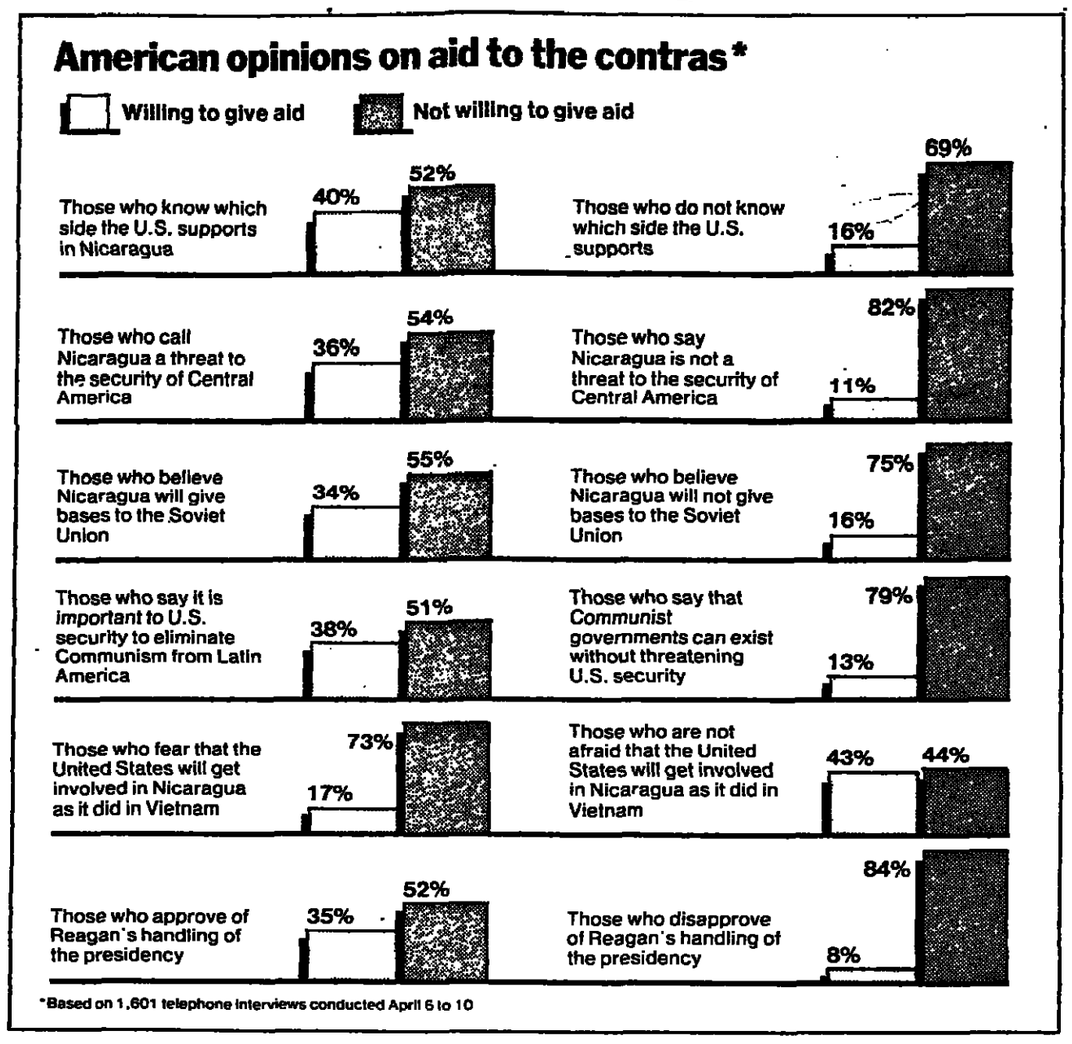
MOST Americans are not sure what, if anything, they want the United States to do about Nicaragua, a New York Times/CBS News Poll disclosed last week. Sixty-two percent of the respondents said they opposed aid for the rebels fighting the Sandinista Government. Opposition to aid crossed demographic and regional lines, despite differences — and ignorance — on policy issues. Only 38 percent knew which side the Reagan Administration backs.

Congress, it seemed, was squeezed between Administration activism and public qualms. The House of Representatives put the Administration's $100 million aid package on hold. Democratic leaders, who oppose military aid for the rebels, narrowly succeeded in attaching the package to a general spending bill that a White House official said was destined for a Presidential veto.

Angry Republicans, who support the full Reagan proposal, thereupon joined in an overwhelming vote, 361 to 66, to reject military aid. As a result, the issue was put off until May 12 at the earliest. The Republicans said they would petition for a separate vote on the President's package, which has been approved by the Senate. That would mean signing up 218 House members — an "enormously difficult process," the White House official conceded.

In another Nicaragua policy move, a regional Immigration and Naturalization Service official in Miami overturned procedures under which nearly all Nicaraguans seeking asylum had been rejected and sent home. But Representative Peter W. Rodino Jr., chairman of the House Judiciary Committee, said it seemed "inconsistent to provide relief to Nicaraguans without providing identical treatment to Salvadorans and Haitians."

The New York Times/CBS NEWS POLL



*Based on 1,601 telephone interviews conducted April 6 to 10

Nakasone's Offer

Made in The U.S.A., But Avoided In Japan

By CLYDE HABERMAN

TOKYO

THERE is little doubt, a Japanese pediatrician told two Americans last week, that Japan's techniques for vaccinating infants are superior to those used in the United States. At some length and unsolicited, he went on to assert that Japanese babies are inoculated at a more sensible age and that the serum used here produces one-fifth the incidence of fever associated with the American variety.

The episode, while perhaps minor, demonstrated a phenomenon any American in Tokyo encounters as a routine. There is an almost unassailable conviction among many Japanese that their products, methods and very outlook are better than almost anything the United States can offer. Not all foreign products are dismissed cavalierly. American companies dominate the razor-blade, floor-wax and soft-drink markets, to name a few.

Still, the notion that "Made in U.S.A." is a label of inferiority has wormed its way into the collective Japanese psyche. Americans do not pay enough attention to detail, Japanese complain; their clothing falls apart, their cars sound tinny and their appliances waste energy. It is one reason American exporters have a hard time selling their wares. It also helps explain the skepticism that arose here last week after Prime Minister Yasuhiro Nakasone went to the United States and assured President Reagan that Japan would mend its economic ways.

What the Prime Minister offered was nothing less than a thorough overhaul of the Japanese economy to make it less dependent on exports, more amenable to greater domestic spending and, in the process, more likely to absorb foreign goods.

He went to Washington doubly armed. In one hand, he carried a report from an advisory council he had appointed. It called for restructuring the economy to encourage Japanese to spend their way to growth through new public works programs, income-tax cuts, reduced working hours and lower rates of personal savings. In the other hand, Mr. Nakasone held a new package of stimulative economic measures — timed, like its many predecessors, to please overseas critics at a crucial moment. This one came on the eve of the summit conference of industrial democracies that opens in Tokyo May 4. Even the Prime Minister's friends acknowledged that it was an unsurprising amalgam of accelerated public works spending, utility rate cuts and business incentives.

No official could attach a dollar value to these measures. Yet Mr. Nakasone predicted flatly that Japan's economy would grow by an extra seven-tenths of 1 percent, and its huge trade surplus with the United States would begin to drop by fall. Mr. Reagan and his lieutenants lavishly praised the Japanese leader for his commitment to "historic change." But in Tokyo, Japanese could not understand the enthusiasm.

For one thing, the advisory council's report, while significant in setting the probable direction for future debate, contained almost no specific proposals. For another, the group was not a Government agency. It spoke only for Mr. Nakasone, who has a penchant for appointing blue-ribbon panels to report what he wants to hear. The White House seemed to ignore Rule No. 1 of Japanese politics: No leader can deliver anything by himself; he must carefully build a consensus among politicians and Government bureaucrats.

Indeed, fellow politicians excoriated Mr. Nakasone for not consulting them first. Unhappiness was so great that the Prime Minister started backing away from his commitment only 24 hours after returning home. He said he still believed in reshaping the economy, but insisted he had never made it an unshakable "promise."

Bureaucrats were not pleased, either. Austerity-minded officials at the Finance Ministry did not like the new tax incentives, and trade officials fretted about losing control over import regulations. One foreigner with broad Government contacts said many ministries had told him, "Excellent report, but it doesn't apply to us."

There also were basic economic questions. How readily can the Japanese economy be stimulated when Mr. Nakasone, mindful of large budget deficits, refused to commit a single yen in extra Government spending? What about the million workers who, according to some estimates, would lose their jobs in a restructuring? Why should Japanese save less, when one reason they salt away large sums is to protect themselves in old age, since social security benefits will remain inadequate?

At bottom, there is also the familiar question of how to make Japanese more receptive to American products. Not that the Government has not tried. In recent years, it has slashed tariffs, adjusted quality standards and made access easier for some American companies. Progress, however, has come too slowly for United States tastes; the proposed economic overhaul may take years. Besides, American negotiators cannot forget that their deficit with Japan was $16.8 billion when Mr. Nakasone took office in November 1982. Since then, his Government has dutifully cranked out seven packages to ease trade tensions. The result? Japan's surplus against the United States has tripled, to $49.7 billion last year.

Sygma/Toshi Matsumoto

American-made cameras and film on sale in Tokyo.

So Far, Aquino Is Looking the Other Way

Marcos Supporters Come Out of the Shadows

By SETH MYDANS

MANILA

"YOU'LL find me at Zip's pad, where the shiftless congregate," said a former Marcos adviser. "We play cards, poker, while the time away. One of the most difficult things is to wake up in the morning and not know what you're going to do all day."

That was two weeks ago.

These days, the Marcos folks congregate on the streets, and they have plenty to do. First, they sat in at a radio station, ostensibly to protect an announcer who had broadcast a tearful interview with Ferdinand E. Marcos. Then they gathered 15,000 people for a rally, unintentionally mimicking the former President's ill-fated election campaign. Then they demonstrated in support of a show session of the defunct National Assembly.

Now they are out on the street in front of the American Embassy, a tougher crowd than the leftist agitators who once made that thoroughfare their special turf, and diplomats are slipping out a back exit. Six weeks after Mr. Marcos fled the country in disgrace, his backers have begun to find public protests suprisingly agreeable. They say they plan to proclaim Mr. Marcos's vice-presidential running mate, Arturo M. Tolentino, Acting President to see how President Corazon C. Aquino reacts.

So far, she has displayed what her spokesmen call maximum tolerance. That Mr. Marcos's adviser could complain about empty days testifies to the absence of retribution. But if the protests continue to grow and provoke violent confrontations, the woman who was raised to power by street protests may be forced to crack down.

Many people, including many Marcos backers, are surprised by the sudden resurgence of the former President as a factor in the Philippines so soon after his departure. In the early days of the Aquino Administration, it was difficult to find anyone who would praise the disgraced leader, and in the first month after his flight public attention was dominated by disclosures of how he had plundered the nation. Even Mr. Marcos, called himself "irrelevant" and told his followers to back Mrs. Aquino. For this reason, some analysts believe the former President himself did not anticipate the vigor of his support. Since the demonstrations began, his statements from Honolulu have been less conciliatory, hinting at the possibility of a return if the circumstances were right.

An Identity Crisis

It seems unlikely that Mr. Marcos could return to the Philippines, if only because the United States, relieved at his peaceful departure, would strongly oppose the consequent turmoil. But some see the beginnings of a new political force in the making, with Mr. Marcos as its symbol and his nationwide organization, including warlords, as its instrument. Some of Mrs. Aquino's aides disagree, saying the sudden surge of Marcos support is a perhaps inevitable stage in the development of a new national consensus. They point out that the demonstrations draw much of their support from local officials who are being uprooted by Mrs. Aquino's Government and replaced by new acting officials.

Once this infrastructure of the Marcos Government has been cleared away, they say, his organization is likely to dissipate. But the demonstrations come at a time when Mrs. Aquino's Government is suffering something of an identity crisis, its factions struggling for dominance. The new President has not acted decisively to map out a program beyond the dismantling of the Marcos power structure and the formulation of a new constitution. So competing power blocs appear to be angling to fill what seems to be a vacuum of central leadership. Among the blocs are the squabbling factions of Mr. Marcos's party, which came together for a moment Monday in the rump session of the National Assembly. But no sooner was that session over than its factions began quietly to criticize each other, with the major division coming over the question of whether to unite behind Mr. Marcos or to break with him.

For the moment, it has become pclitically useful in some quarters to join the new Marcos fad. The demonstrations seem to be organized and funded by the same people who ran his election campaign, and their lines of communication, and perhaps of organization, may well reach all the way to Honolulu. Ironically, the new Marcos crowds seem more enthusiasitc than those who were paid to attend his election campaign rallies.

"We cry for our President, President Marcos," shouted one woman, Lina Bello, who was festooned with red, white and blue Marcos buttons and ribbons. "We are begging you now, we beg of you, please relay our message to President Reagan, that we love President Marcos. He is not corrupt. He is not stealing. He does not have hidden wealth. My God, they are slaughtering him in the newspapers." In a smaller echo of Mrs. Aquino's tumultuous campaign, whose backers used to chant her nickname, "Cory, Cory, Cory," the demonstrators shouted, "Marcos, Marcos, Marcos." Her spokesman, Rene Saguisag, looked on with apparent equanimity. "These," he said, "are the sounds of democracy."

Benazir Bhutto's Return

A New Player Pulls Up to the Table In Pakistan

Reuters

Benazir Bhutto responding to a crowd after arriving in Lahore, Pakistan, from exile.

By STEPHEN R. WEISMAN

LAHORE, PAKISTAN

THE huge crowds that greeted Benazir Bhutto upon her return to Pakistan last weekend were unlike anything seen here since President Mohammad Zia ul-Haq seized power in 1977. The reception accorded the charismatic opposition leader posed a serious test for the 13-month-old civilian Government. It seemed to open a new, potentially turbulent chapter, but "there are almost as many theories about what could happen," one diplomat said, "as there are people to offer them."

It was possible to imagine events propelling Miss Bhutto into national leadership. But it was also possible to imagine that her drive to seize power would collapse into violence and tightened army control. After reportedly receiving conflicting advice about keeping her movement peaceful, she insisted that her party opposes violence but also boasted that if it had wanted to it could have taken power by force. "I'm testing things," she said. "I'm taking things step by step. I'm learning from the masses."

Only a few weeks ago, many doubted that her return would change the situation much. The 33-year-old daughter of the late Prime Minister Zulfikar Ali Bhutto, who was overthrown by General Zia and later executed, is untested as a politician. Since attending Harvard and Oxford, she has spent most of her time in detention or exile. Her father's once-powerful Pakistan People's Party is widely believed to be demoralized by the arrest, incarceration and even torture of its leaders. And some of them have accused her of "autocratic" tendencies.

She delights in comparing herself to President Corazon C. Aquino of the Philippines, who came out of obscurity to topple Ferdinand E. Marcos. Like Mrs. Aquino, Miss Bhutto is reaching for the standard of a fallen family member and wants Washington's help in pushing for elections. The Reagan Administration recently announced a six-year, $4.02 billion aid package that, American officials concede, will have difficulty winning Congressional approval if General Zia is perceived as defying popular will. American aid resumed after Moscow sent its forces into neighboring Afghanistan in December 1979. Deferring to American sensitivities, Miss Bhutto dissociated herself from followers who burned the American flag at her rallies, and she called for a political solution in Afghanistan. She also spoke of a "socialist" program that would nonetheless cooperate with the private sector.

But unlike Mrs. Aquino's coalition, Miss Bhutto's organization starts out as a known quantity; as many Pakistanis may despise her father as revere him. When he was overthrown, virtually all other political parties were in the streets, charging that he had stolen an election. The current Government was elected with 50 percent voter participation, despite Miss Bhutto's call for a boycott. And after martial law was lifted Dec. 30, Prime Minister Mohammad Khan Junejo gained stature, even though General Zia remained President and Army Chief of Staff. Now there is speculation about a deal in which Mr. Junejo would agree to early elections instead of waiting until 1990. He has spoken of his willingness to meet Miss Bhutto in an election, which is one measure of the loosening of the political climate.

Critics have long accused General Zia of trying to hold onto power as long as possible. But some diplomats say he really wants to build a credible civilian force that could beat Miss Bhutto in an election. He was probably not alone in his surprise when her party came roaring back to life. Now many analysts say a showdown is inevitable.

The Nation

Growth in G.N.P. Becomes a Matter Of Some Dispute

At last week's report of markedly faster economic growth in the first three months of 1986 than in the last quarter of 1985, the Reagan Administration was characteristically upbeat. And characteristically, many private economists were less so.

This time, the private analysts' skepticism about the underlying health of the economy was centered

The New York Times/George Tames
Robert Ortner, chief economist at the Commerce Department.

precisely on factors that White House officials cited in predicting the fulfillment of their forecast, 4 percent real growth for the year.

High on the list was inflation — or rather, the lack of it. Indeed, the 3.2 percent gain, on an annual basis, in the gross national product — the nation's total output of goods and services — was accompanied by a sharp slowing in the rate of inflation, as measured by the comprehensive G.N.P. gauges. But that, specialists said, mostly reflected tumbling oil prices, not robust production.

As for the decline of the dollar and consequent improvement in international trade, most analysts — including Robert Ortner, the chief Commerce Department economist — said the rosy import-export figures in the quarterly G.N.P. report may well be suspect for technical reasons.

By week's end, even the White House's third cause for optimism — lower interest rates — seemed to be working against it.

The Federal Reserve, ever wary of pouring on the coal when the economy has a good head of steam, announced a half-point cut in the discount rate, the rate it charges on loans to financial institutions, reducing that fee to 6½ percent, its lowest level in nearly eight years.

Economists had widely expected, and the financial markets eagerly anticipated, the cut because of the persistent weakness of other economic indicators, notably industrial output and factory use. The Dow Jones industrial average finished the week at 1,840.40, up 50.22 points.

Eastern Avoids A Pentagon Ban

Eastern Airlines, hit last month with a record-setting fine for having failed to abide by some Government safety regulations, has narrowly avoided another patch of turbulence in Washington.

The Defense Department confirmed last week that it had considered temporarily dropping Eastern from its roster of carriers approved to ferry military personnel but had shelved the plan after receiving assurances that Eastern's record had "markedly improved."

Since the December crash of an Arrow Air jetliner in which 248 American soldiers were killed, the Pentagon has been conducting more safety surveys of its own.

The contemplated action against Eastern, which does not routinely haul planeloads of troops but does sell the Pentagon blocks of seats on its scheduled flights, was prompted by the Federal Aviation Administration's March announcement that it was docking the carrier $9.5 million for violations of safety and maintenance rules.

When the Pentagon consulted the F.A.A., officials "made it clear" they thought the airline was "operating safely," the agency said.

Separately, the F.A.A. came down hard on Britt Airways, the third largest commuter line in the country. The agency said Friday that it was grounding two-thirds of the Indiana-based carrier's co-pilots because of concern that they might not be qualified.

The order, which affects 59 of Britt's 90 co-pilots, followed a special spot check.

"During the course of the inspection, our inspectors became uncomfortable with the initial training and training records for the commuter's co-pilots," said an agency spokesman, Stephen D. Hayes. In random flight checks, he said, six of nine co-pilots had failed.

Near-Misses

After complaints that its methods for toting up near-collisions were faulty, the F.A.A. implemented a new reporting system early last year. The agency reported last week that, according to the new system, in 1985 a record number of airplanes nearly collided in mid-air.

Insisting that accurate comparisons between the old and new systems were not possible, the agency said 777 near-collisions were reported last year, 31.9 percent more than in 1984. Of the near-misses in 1985, 518 involved private planes or military aircraft.

The previous reporting system was scrapped after a consumer advocacy group audited agency records and concluded that more than 100 near-collisions had not been counted as part of a 1984 report.

A Roundup On the Border

Law officers from Mexico and the United States have cooperated over the last two months in rounding up along the Mexican border more than 3,500 fugitives from justice, Federal officials announced last week.

The search involved investigators from 35 Federal, state and local police agencies in Arizona, California, New Mexico and Texas, along with members of Mexico's Federal Judicial Police.

Officials said the roundup, directed by the United States Marshals Service, was the first in which American and Mexican law officers had cooperated. Stanley E. Morris, director of the Marshals Service, called the operation "a valuable beginning" and a demonstration that the two nations "have agreed to eliminate the use of our borders as a gateway to a safe haven for criminals fleeing from justice."

In addition to producing the arrests of 3,506 fugitives, Mr. Morris said, the operation led to the seizure of more than $130 million worth of drugs and other contraband, including 865 pounds of cocaine in a truck driven by a fugitive.

Investigators said they had hoped to catch 4,000 fugitives, but had been forced by budget constraints to end the operation two weeks early.

Some of the arrests resulted from elaborate undercover operations. In San Diego, for instance, 14 fugitives were said to have been arrested when they arrived to pick up income tax refunds officers had told them they were owed.

Elsewhere, offers of free trips to Las Vegas, Nev., including a day at the races and gambling money, brought several dozen fugitives into the open.

Most of those caught in the roundup were said to be Americans hiding out in the Southwest. Among those arrested, according to Mr. Morris, were 45 people accused of murder, 712 people wanted in robberies or burglaries, 82 wanted in rapes and 734 charged as narcotics violators.

Caroline Rand Herron and Michael Wright

Verbatim: Controlling Destiny

'It is incongruous, if not monstrous, for medical practitioners to assert their right to preserve a life that someone else must live, or, more accurately, endure, for 15 to 20 years. The right to die is an integral part of our right to control our own destinies so long as the rights of others are not affected. That right should, in my opinion, include the ability to enlist assistance from others, including the medical profession, in making death as painless and quick as possible.'

Justice Lynn Compton
a member of the California Court of Appeals for the Second District, in ruling that Elizabeth Bouvia, a quadriplegic cerebral palsy victim who wanted to starve to death, has the right to refuse forced feeding.

Oil-Producing States Call for a Tax on Imports

Texas Finds Sympathy in Short Supply

By PETER APPLEBOME

HOUSTON

WHEN Governors from six oil-producing states gathered outside Dallas last week, the frustrations they voiced about their economic problems went beyond the beleaguered petroleum industry. At issue was a more fundamental question that is becoming an increasingly persistent theme throughout the oil patch — are regional differences and antagonisms rather than long-term policy considerations dominating the national response to oil's travail?

The subject appears to be as complicated as the future of the world oil market and as simple as stereotypes of gaudy Texas wildcatters driving long white Lincolns. But there is a growing belief in the Southwest that the personal pain and economic dislocation in the oil industry are being viewed in a much different way from similar distress in farming or steel or automobiles.

"I don't think the rest of the country much cares about what's happening here," said L. W. Clanton, assistant district manager for Halliburton Services. "Maybe they have this funnybook picture of us all as a bunch of fat-cat oilmen making big money." Mr. Clanton had just spent a grim afternoon in Rankin, an oilfield town in West Texas, laying off Halliburton employees. When times were good, they had helped drill and cap new wells.

The Houston Post devoted most of a recent front page to an article headlined "No Tears for Texas — Yankees unmoved by oil woes." And after describing waves of business bankruptcies in the East Texas town of Kilgore, Buddy Potter, an oilman, paused and rather plaintively said, "Tell the people up there not to hate us so much. We're doing the best we can."

Hate is probably too strong a word, but there's little indication of any support outside the oil-producing states for measures to help the oil industry and the states that depend on it. Indeed, if newspaper editorials from New Jersey to South Carolina are any indication, the rest of the country may be taking some degree of pleasure in the role reversal in which the oil-producing states are suddenly facing tough times.

Certainly Texas, whose legendary braggadocio probably reached record levels during the great boom that peaked near the beginning of the 80s, doesn't strike many Americans as a likely object of sympathy. After all, it experienced unprecedented prosperity; Texas did not spend its boom years worrying about the impact of high oil prices elsewhere, and it's not surprising there are few tears outside the Oil Patch now as the pendulum swings the other way.

When Gov. Mark White of Texas offered a belated *mea culpa* last week, it probably fell on deaf ears. "What we've failed to do — and this is our fault — is when the steel industry was crying out for help, we didn't answer," the Governor said. "Now the oil industry is crying for help, and they're laughing about it."

Mr. White does not expect much sympathy from a nation enjoying the seemingly miraculous return of 80-cent-a-gallon gasoline. But he and other officials are warning that the long-term effects of a petroleum-industry collapse could be as disastrous for the entire nation as the short-term effects are for oil-producing states.

A main theme of the conference last week, in which the governors called for a tax on imported oil to prop up the domestic industry, was that its collapse would threaten national security because the United States would once again be forced to rely on imports.

James R. Schlesinger, the former Energy Secretary, contending that last week's attack on Libya would have been impossible if the nation were too dependent on foreign oil, charged in an appearance at the conference that national security considerations are being ignored in the euphoria over low oil prices. "People aren't worrying about the 1990's," he said.

And oilmen insist that the collapse of the domestic industry, which has cut drilling to its lowest level in 15 years, would insure an eventual return to gasoline prices as high as or higher than any seen thus far.

"The oil prices may seem a blessing to people in New York now," said Mr. Potter, the Kilgore oilman, "but we're all going to be in the trenches together in four or five years." Still, even if most people here agree on the problem, there is no unanimity about the solution. Even the import tax endorsed by the governors has its detractors.

With no support in Washington for any measures to prop up prices and a widespread sense that lower prices are a boon for both individuals and businesses, the oil producers' distress will probably get worse before its gets better.

The New York Times/Barbara Laing
Thomas Bickle, a recently laid-off oil driller, waiting with his son, Greg, last week at the Texas Employment Commission office in Odessa.

More Technology May Be Based on the Ground

Star Wars Planners Are Digging Themselves In

By CHARLES MOHR

WASHINGTON — Although many scientists doubt that an effective array of antimissile weapons can be developed any time soon without all but bankrupting the country, President Reagan's Strategic Defense Initiative has become a well-entrenched part of the Federal bureaucracy, apparently impervious to counterattack.

Referring to a mountain of evidence that casts at least some doubts on the "Star Wars" program, John E. Pike, a critical analyst for the Federation of American Scientists, said, "We are winning the battles but losing the war."

Explaining the program's durability on Capitol Hill, even skeptical members of Congress concede that "proving" the impracticability of Star Wars is as difficult as proving it is infeasible. "So the attitude is: Give them a chance," says one Congessman. Star Wars also has an effective advocate in James A. Abrahamson, the three-star Air Force general in charge of the office that oversees it. General Abrahamson, who successfully managed the F-16 fighter plane program in the 1970's and at one point ran the space agency's shuttle program, is widely viewed on Capitol Hill as an articulate and "sincere" salesman.

However, even supersalesmen sometimes go overboard; Senator Sam Nunn, the Georgia Democrat who is probably the single most infuential member of Congress on defense issues, recently admonished General Abrahamson for suggesting that the technical feasibility of Star Wars is "proven" and that the main task now is only reducing its cost.

A few weeks ago the Pentagon called Star Wars one of its "highest priority" programs. The $4.8 billion requested for the fiscal year 1987 — along with $603 million for the Energy Department to spend on related nuclear research — is the largest single military item in the pending budget.

Although Congress can be expected to make some cuts, Star Wars will almost certainly enjoy a hefty increase over this year's spending level, $2.75 billion, thus becoming one of the few Federal undertakings to gain in this era of tightened belts. "And we're not even bending tin yet," said one Senate staff member.

Barring the unexpected, much tin will be bent. Although some scientists say they would prefer to concentrate on fundamental research, the Star Wars office will spend as much as $1 billion on a single experiment before the decade is out.

The Strategic Defense Initiative has gone through distinct stages in the three years since Mr. Reagan called on American scientists to develop the antimissile technology that he said would make nuclear weapons obsolete and the two years since scattered research projects were pulled together under the management of General Abrahamson. At the start, the President said the aim of the program was protecting the civilian population against nuclear attack and eventually making deterrence by threat of nuclear retaliation unnecessary. Now, the goal of the program is almost always said to be a defense that would "enhance deterrence."

The direction and nature of the research have also undergone little-noticed but major changes. General Abrahamson often suggests in his frequent appearances before Congressional committees that last year's $1.1 billion budget reduction has forced him to make perhaps premature choices among Star Wars technologies competing for restricted funds.

He also sometimes points to unforeseen "breakthroughs" in technologies that have resulted in their getting a higher priority. For instance, money for space-based chemical laser research has been sharply cut, but for ground-based free electron lasers (which would bounce their beams off relays and mirrors suspended in space) it has been significantly increased.

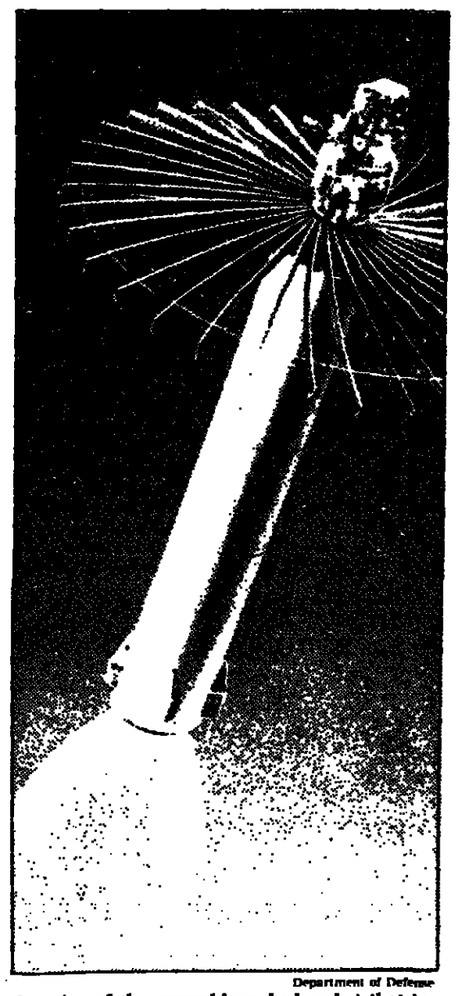
'Amazing' Progress

Space-based chemical lasers have been downgraded, many authorities say, because preliminary research indicated that they could not be counted upon to destroy enough incoming missiles and warheads and they seemed to be among the least survivable weapons against "defense suppression" attacks by the Soviet Union.

Although some Star Wars officials talk of "amazing" progress, a recent Senate staff study said the most important progress had been in concluding that the challenges involved in erecting an antimissile shield are even greater than was believed three years ago.

Still, efforts by hostile members of Congress to curb spending for the program — specifically by limiting the field testing of antimissile technology — are unlikely to be renewed with any real vigor, many Congressional experts say. In the past, the Administration has complained that such Congressional efforts were aimed at "micro-managing" the program. Members of Congress, however, made it clear that they were motivated by a desire to prevent the kind of testing that would run afoul of the 1972 treaty limiting antiballistic missile defenses.

It also seems unlikely that Star Wars will be traded away as a bargaining chip in arms control negotiations with the Soviet Union. President Reagan insisted at Geneva in November that he would not bargain it away, and the Russians continue to argue that no reduction in offensive missiles is possible if antimissile defenses are likely to be deployed.



Department of Defense
Drawing of the ground-launched rocket that intercepted a dummy warhead just outside the atmosphere in 1984. Technology from experiment is being used to develop an improved version for a ground-based missile interceptor.

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Rolling in Money in Euromarket

Credit Suisse First Boston is No. 1 in Eurobonds — but rivals move in.

By STEVE LOHR

LONDON

TWO years ago, P. Joan Beck had the kind of job few young investment bankers would abandon — he was a managing director in London for prestigious Morgan Stanley & Company, specializing in Eurobonds. But when Mr. Beck had a chance to take a similar post at rival Credit Suisse First Boston Ltd., he jumped without hesitation.

"In the Euromarket, you cannot go higher than Credit Suisse First Boston," says the 39-year-old Mr. Beck. Indeed, the firm's top people are constantly being wooed by rival firms trying to catch up in the rapidly expanding Eurobond market, the international trading arena where corporations and governments come to raise money. Headhunters talk of the "C.S.F.B. premium," the extra bonus that top Credit Suisse First Boston traders command if they choose to join a competitor. One dealer, who left for a higher position and a big bonus at another investment bank, says: "C.S.F.B. is a great place to be from — it's gold on the résumé."

As John M. Hennessy, the firm's American chairman and chief executive, likes to boast, Credit Suisse First Boston is the I.B.M. of the Eurobond market. "We are the biggest distributor of bonds and people," he says. "But losing people hasn't hurt us. We're stronger today than we've ever been."

In recent years, Credit Suisse First Boston has outpaced all comers by a wide margin in the value of new Eurobond issues brought to market. Its clients — Americans, Japanese, French, Germans, Canadians — speak of being in "safe hands" when they sell their bonds through the firm. But as the Eurobond market explodes — it had $133.1 billion in new bond issues last year, compared with $79.8 billion in 1984 — others are moving in.

With the market heating up, so is competition. "Credit Suisse First Boston is a tremendous firm," says Alan Morgan, a financial-market specialist for McKinsey & Company, the consulting firm. "But the power and leverage of its market share is declining. The law of enormous numbers will come into play more and more," he says. "Those firms with sufficient resources and desire will enter the market and gain market share."

Already, Merrill Lynch and other major American houses are making a strong bid for leadership and, especially as the dollar declines in value, the big Japanese investment houses are managing a growing number of Eurobond issues. "To my mind, the two dominant forces as we move forward in the Euromarket will be the American firms and the Japanese firms," says Archibald Cox Jr., managing director in charge of Morgan Stanley & Company's operation in London, the hub for Eurobond trading. However, Mr. Cox and others note that some Swiss and German institutions will also be formidable competitors.

The early 1986 rankings reflect the increasing competition. As of April 11, according to International Financing Review, the top 10 deal makers included three Japanese houses — Nomura, Daiwa and Nikko — with the latter two making the list for the first time. More startling, Credit Suisse First Boston was not leading the list: It trailed Deutsche Bank by a wafer-thin margin.

Investment bankers say that quarter-year rankings are not very meaningful in the volatile Eurobond market, particularly at a time when the yen and Deutsche mark were strengthening against the dollar, making bond issues in those currencies more attractive, even for American corporations and government agencies. As part of their Eurobond dealings, the Americans can swap the yen for dollars. Moreover, judging by the deals in the past week, C.S.F.B. will "almost definitely" be back on top when the next tabulation is completed, says an official at the International Financing Review.

"I wish it were otherwise, but I don't think there is any genuine evidence that C.S.F.B. is slipping yet," one competitor observed.

The top ranking has been extremely lucrative for the two parent organizations of Credit Suisse First Boston. The alliance was established in the 1970's between Crédit Suisse, Switzerland's third-largest bank, and First Boston, the big New York investment house, to grab a bigger share of the Eurobond market, then a relatively insignificant arena for raising funds. As late as 1981, only $26.7 billion was raised in new issues.

In retrospect, the move was prescient. By the early 80's the Euromarket had begun to take off, propelled by a variety factors: split-second communications that make trading easy anywhere in the world, an American tax on interest paid to foreign owners of United States securities and, above all, the growing internationalization of all financial markets as many nations permit capital to flow abroad more easily.

American corporations are playing a major role in this explosive growth. New American issues in the Eurobond market shot up to $36.2 billion in 1985 from $21.1 billion in 1984, according to Investment Dealers Digest in New York, with many mid-size companies going abroad to raise funds for the first time, often to take advantage of lower interest rates.

The borrowers worldwide include the bluest of blue-chip corporations — International Business Machines, General Motors, Citicorp, Nestlé, Unilever — along with multinational agencies such as the World Bank and numerous governments. And for the investor, the freewheeling Eurobond market, whose securities are untaxed and beyond the regulatory domain of any nation, is a shopper's paradise, with a plethora of fixed and floating interest-rate securities denominated in a basket full of currencies. Typically, these investors are institutions or individuals who often trade through Swiss banks.

The economic effect of this integration of the world's capital markets, some bankers and economists say, could be as significant as post-World War II liberalization of merchandise trade under the General Agreement on Tariffs and Trade. "People will look back at the 1980's as the decade when truly global capital flows became an important impetus to world growth," says Mr. Hennessy, who joined First Boston in 1974 after a stint in the Treasury Department during the Nixon Administration. He later moved to London to serve as president, then chief executive and finally chairman of Credit Suisse First Boston. He took over as chairman in January, succeeding Michael Von Clemm, who joined Merrill Lynch.

With Mr. Hennessy as chief executive, Credit Suisse First Boston rose to an extraordinary level of profitability. Financiere Credit Suisse First Boston, the Swiss-based holding company for the investment bank, reported a 34 percent increase in profits last year to $97.2 million on revenues of $232 million. Since 1981, Credit Suisse First Boston's earnings have more than tripled. With a staff of 770 people, the firm's profits amounted to a stunning $126,000 a person in 1985.

The yardstick of market clout most widely followed in the multinational Eurobond arena is the ranking of lead managers in underwriting new issues. The lead manager of an issue collects the biggest fees on a new issue and, typically, assumes the biggest risk because it buys the bonds from the issuer and then distributes them through a syndicate of other banks and securities houses.

Throughout the 1980's, Credit Suisse First Boston has led more underwriting deals by far than any of its competitors. Last year, for example, C.S.F.B. was the lead manager on 100 new issues valued at $19 billion, for a 14.2 percent share of the new issue market — more than double the share of the second-ranked firm, Merrill Lynch, which handled deals worth $8 billion for 5.9 percent.

Competitors say it is the company's single-mindedness that keeps it No. 1 in the Eurobond market. But as the leader, Credit Suisse First Boston is most vulnerable to competition. "C.S.F.B. is an extraordinary firm," one former executive says, "but it's a very fragile firm."

Certainly the external threat is growing. Among Credit Suisse First Boston's rivals are such premier American firms as Salomon Brothers, Morgan Stanley and Merrill Lynch, along with European powerhouses, such as Deutsche Bank and Union Bank of Switzerland, and increasingly, the Japanese brokerage houses and banks, such as Nomura, Daiwa and the Industrial Bank of Japan.

With the influx of new competitors, the fees collected by underwriters on each deal have been cut thinner and thinner, as the bidding has grown more feverish. For example, a deal that two or three years ago could have paid the lead manager $1 million in fees might now yield $100,000 or so. "People think this is a dream world where everyone makes a lot of money," says Hans-Joerg Rudloff, deputy chairman of Credit Suisse First Boston. "But this market is overbanked now."

Evidence of the rush to cash in on the Eurobond market is everywhere. Real estate values in the City of London, Britain's financial district, have soared. Credit Suisse First Boston and Morgan Stanley have plans to expand outside the City. Salaries, too, are climbing rapidly, with skilled traders and dealers in their late 20's and early 30's commanding $300,000 to $500,000 a year. "It's a headhunters' paradise," one personnel recruiter noted.

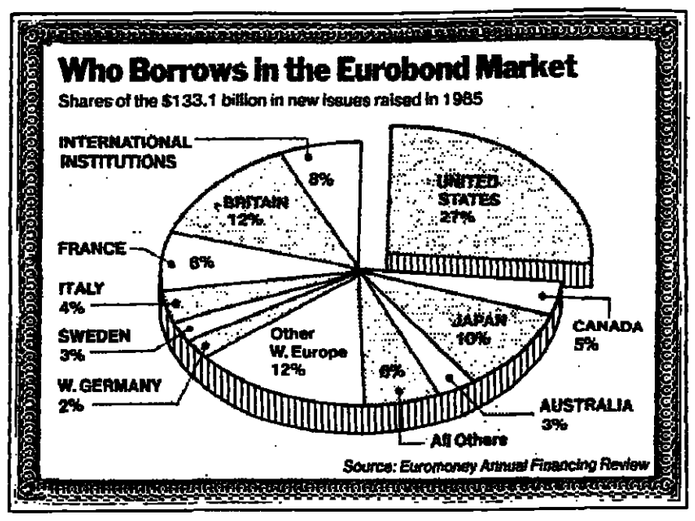
Still, the biggest potential challenge to Credit Suisse First Boston's preeminence could well come from inside the firm, not from the competition.

A potential pitfall is the firm's joint ownership. Already, competitors say, there are early signs of trouble ahead. They claim that friction between the two parents has weakened C.S.F.B.'s operations in Tokyo. Japanese investors are major purchasers of Swiss securities, vital to Crédit Suisse, and of United States Treasury bonds, a key product for First Boston. One competitor compares the global efforts of the two parents and C.S.F.B. as a "three-legged 100-yard dash," while another calls it an "enormous structural weakness." Mr. Hennessy concedes that the possibility of the "two large shareholders fighting each other" is the worst possible eventuality, but he insists that this is a remote contingency, not a current problem.

A further measure of potential instability is inherent in the fast-changing business. Given the volatility of exchange rates and interest rate movements, past successes count for little. "You rely on minute-to-minute judgments of the market," explains Mr. Beck of Credit Suisse First Boston. "Timing is everything. A deal that looked great Wednesday night may look lousy Thursday morning."

And the edge one gains from innovations — new deal structures or financial instruments generated by a firm's "rocket scientists" — is uncommonly short-lived compared with most businesses. "The barrier to copying innovations in this market is virtually zero," observes Phillip M. Colebatch, an executive director of Credit Suisse First Boston.

Further, the people themselves contribute to the volatile environment in the Eurobond market. They are young risk-takers, often as willing to take a gamble with their careers as on that day's deal. At Credit Suisse First Boston, for example, the average age is less than 29 years. As a result, "there is very little loyalty to a company these days, and all the raiding of people from one firm to the next is frightening," says Oswald J. Gruebel, who heads trading operations at C.S.F.B.



The New York Times/Jonathan Player

C.S.F.B. office in London.

'People will look back at the 1980's as a time when global capital flows became important to world growth.'

THE EUROMARKET COMES OF AGE

LONDON

In the early 1960's, when the Eurobond market was in its infancy, the United States Government unwittingly gave it a major shot in the arm. Washington, concerned about the increasing volume of dollars held in foreign hands, slapped a 30 percent withholding tax on interest paid to overseas investors holding American bonds. The move was counterproductive, driving investors out of Wall Street and into the Euromarket, where they could buy dollar-denominated securities tax-free.

In July 1984, the Administration repealed the tax, and some American investment bankers predicted the imminent death of the Eurobond market. But the naysayers were wrong. By then, the London-based market was deeply entrenched, and the American move was simply one more step in the worldwide trend to liberalize capital markets. "A lot of Americans totally misread the situation," said Hans-Joerg Rudloff, deputy chairman of Credit Suisse First Boston. "They saw the repeal of the withholding tax from their little domestic perspective, underestimating the Europeans, the Japanese and the central role of London in international capital markets."

The Euromarket is not a forum for amateurs. Its offerings include a dizzying array of instruments in a range of currencies; these are often used to effect complicated interest-rate and currency swaps. For example, a company may borrow in yen to take advantage of low interest rates, then swap that obligation for one denominated in dollars. Wealthy individuals typically participate through discretionary accounts managed by Swiss banks.

With capital-market regulations being stripped away, the interest-rate differences in various markets are tending to narrow. Still, Euromarket investors, who tend to be European, perceive credit risk differently from Americans. For example, they generally prefer shorter maturities on fixed-rate issues, perhaps because they have seen more turbulence — enduring wars and revolutions on their soil, and feeling the pinch of confiscatory government policies.

There are cultural differences as well. For example, Europeans still smoke more than Americans do. So when Philip Morris, say, floats a bond issue, Euromarket investors are not much concerned about the credit risk from health litigation against cigarette companies.

American concerns that borrow in the Euromarket are generally multinational institutions taking advantage of temporary interest-rate or currency advantages available there. These differences are measured in basis points, or hundredths of a percent. For example, a gap of 20 basis points on a $200 million issue amounts to a saving of $400,000 annually for the company or bank.

Last year, Citicorp floated more than $2.5 billion of debt issues in the Euromarket, of its total debt offerings of $5 billion. "We've used the Euromarkets increasingly in recent years," said Donald Howard, Citicorp's chief financial officer. Consistent advantages in either the American market or the Euromarket are hard to pinpoint these days, Mr. Howard says. Instead, the key is to spot temporary windows of opportunity and move swiftly to take advantage of the savings.

And in February, Canada's Export Development Corporation, a public agency, floated a 6-year $100 million bond in the Euromarket with an 8.5 percent coupon. At the time, borrowing in the Euromarket was about 20 basis points cheaper than in the United States dollar market for such an issue, according to Barry Culham, chief financial officer of the Export Development Corporation. "It was a simple cost advantage," he said.

The lead underwriter on the issue was Credit Suisse First Boston. "We find C.S.F.B. very committed to the market and to us," observed Mr. Culham. "And they always give balanced, professional advice."

The Economy

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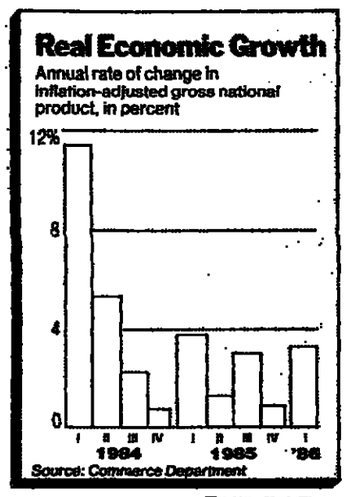
WEEK IN BUSINESS

Big Gain in G.N.P. Is Greeted Warily

The 3.2 percent growth rate in the G.N.P. in the first quarter could be misleading, many economists warned. They noted that individual economic indicators show an underlying weakness that is masked by the overall figure. For example, industrial production fell five-tenths of 1 percent in March, business inventories rose and capacity utilization slipped to 79.4 percent in March, all indications of sluggishness. The big picture is distorted, the economists say, by such factors as low oil prices, which help keep inflation down but make the economy seem stronger than it is.



The New York Times

The contribution of low oil prices to economic growth cannot be denied. And with OPEC still unable to control production, analysts say oil will almost certainly stay under $18, and could drop as low as $10 a barrel.

The United States acted to protect domestic oil production in the face of falling oil prices. Among the moves are continuing offshore leasing programs and easing production controls on small "stripper" wells.

The Fed cut the discount rate half a point, to 6½ percent, the second cut in six weeks. The cut was expected; indeed, Japanese press reports said the United States and Japan had agreed to a coordinated reduction in rates. The Fed apparently believes that the surge in inflation that could follow the cut would be a small price to pay for the fresh economic stimulus.

Spending on construction of new homes slumped 2.4 percent in March, but building remained at a record pace. ... Personal consumption spending and income rose slightly.

Japan again pledged to encourage imports to help reduce its huge trade surplus with the United States. Meeting President Reagan in Washington, Prime Minister Yasuhiro Nakasone said he would enact measures to make the Japanese economy grow by seven-tenths of a percentage point. But while Mr. Reagan praised Mr. Nakasone's efforts, analysts noted that previous pledges by the Japanese have been stalled by political concerns and an unwillingness by Japanese consumers to buy imports.

European nations should help the United States reduce its trade deficit by expanding their economies, Treasury Secretary James A. Baker 3d told the Organization for Economic Cooperation and Development. He said that would help reduce protectionist pressures building in Congress and head off a trade war with the Common Market. But exports of American farm productskeep falling.

Stocks surged again, shaking off the doldrums that saw big corrections recently. For the week, the Dow Jones industrial average gained 50.22 points, closing at 1,840.40. Bond prices fell toward the end of the week on the G.N.P. data. A $5.4 billion rise in M-1 had little effect.

The dollar plunged *to postwar lows* against the yen and fell against other major currencies in anticipation of the reduction in the discount rate.

Voting on the tax bill was delayed by the Senate Finance Committee. The chairman, Bob Packwood of Oregon, said he feared further votes could kill the bill. Earlier, the panel had approved an expansion of tax-exempt bonds, against the wishes of the Reagan Administration.

Apple's net more than tripled, and Tandy nearly doubled. Digital Equipment's net jumped 85.7 percent, Wang Labs gained 25.9 percent, but Burroughs plunged 65.7 percent. ... American Express's net more than doubled, to a record $321 million, mainly because of the stock market boom, which fed profits at the Shearson Lehman Brothers unit. ... Ditto Merrill Lynch, which jumped 56.1 percent.

A.T.&T. jumped 49.7 percent, to $530 million, thanks to better long-distance revenues, GTE rose 3.5 percent, to $282.2 million. ... Bell Atlantic rose 13.6 percent, but Southwestern Bell fell 14.7 percent.

BankAmerica's profits of $63 million were down 44.7 percent from last year, but still represented a significant improvement from its recent round of losses. ... Citicorp's net fell 2.5 percent, Chase rose 7.5 percent and Continental Illinois gained 2 percent. First City Bancorporation of Texas had a $232.4 million loss because of its heavy exposure in the oil industry.

Philip Morris gained 23.4 percent and R.J. Reynolds rose 13.2 percent. Time advanced 13.6 percent and RCA rose 12.9 percent. ... Inland Steel lost $26.4 million.

Two big advertising mergers continued the wave of consolidations in that industry. Backer & Spielvogel was bought by Saatchi & Saatchi, a big British agency that has been swallowing smaller agencies worldwide. The purchase price is expected to exceed $100 million. And, as expected, Fotte, Cone & Belding will acquire Leber Katz Partners in a stock swap.

Transcanada withdrew its bid for *Hiram Walker in the face of escalating offers from the Reichmanns.* Absent another bid, Walker backed the Reichmann bid of $2.3 billion.

The New York Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED APRIL 18, 1986
(Consolidated)

Company	Sales	Last	Net Chng
AT&T	25,173,400	24½	+ 2¾
US Steel	10,327,000	19⅞	- ⅛
Navistr	9,488,100	11⅝	+ ¾
IBM	7,929,400	152⅝	+ 2⅞
Bnk Am	7,249,100	17¾	+ 1⅝
Pan Am	6,794,100	6¾	...
Wk H Rs	6,002,700	27½	- ⅜
Xerox	5,739,400	60½	- 6
Disney	5,733,800	46¾	+ 6
Texaco	5,605,800	31⅞	- ¾
Nt Gyp	5,475,900	68½	+10
E Kod	5,452,000	58¾	- ⅝
Fed N M	5,397,200	33⅛	+ 1½
U Carb	5,304,500	24½	+ 1⅜
East Air	4,944,000	8¼	- ⅛

MARKET DIARY

	Last Week	Prev. Week
Advances	1,498	1,480
Declines	521	536
Total Issues	2,229	2,222
New Highs	676	367
NewLows	24	22

VOLUME (4 P.M. New York Close)

	Last Week	Year To Date
Total Sales	719,262,700	11,077,469,793
Same Per. 1985	457,015,750	8,320,350,610

WEEK'S MARKET AVERAGES

	High	Low	Last	Net Change
New York Stock Exchange				
Indust	160.7	155.6	160.1	+4.23
Transp	128.3	123.8	127.4	+2.39
Utils	71.1	68.7	70.9	+2.20
Finance	158.8	155.4	158.4	+3.04
Composite	140.3	135.9	139.8	+2.65
Standard & Poor's				
400 Indust	270.0	260.6	268.7	+7.30
20 Transp	213.5	204.5	211.6	+5.73
40 Utils	106.0	102.6	105.7	+3.01
40 Financial	30.9	30.2	30.6	+0.45
500 Stocks	243.4	235.4	242.3	+6.41
Dow Jones				
30 Indust	1870.1	1781.0	1840.4	+50.22
20 Transp	826.1	779.3	812.5	+26.50
15 Utils	193.1	187.6	191.7	+ 3.59
65 Comb	728.9	694.5	718.1	+19.68

The American Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED APRIL 18, 1986
(Consolidated)

Company	Sales	Last	Net Chng
Wickes	7,111,300	6¼	...
FtAustPr	4,990,600	10¾	...
Wang B	3,724,500	17⅜	- ⅜
Turner Bd pf	3,217,900	8¼	...
BAT In	2,204,800	6¾	+ 3/16
DomePet	1,571,300	1½	+ 1/16
AfilPb	1,569,600	47⅞	- ¼
AM Internl	1,359,300	7⅝	+ ⅜
LorimarT	1,333,400	28¾	+ 1⅜
Halmi Robt	1,261,000	4¼	+ ¼

MARKET DIARY

	Last Week	Prev. Week
Advances	479	471
Declined	309	299
Unchanged	137	156
Total Issues	925	926
New Highs	187	117
New Lows	15	21

VOLUME (4 P.M. New York Close)

	Last Week	Year To Date
Total Sales	72,166,660	1,019,941,234
Same Per. 1985	35,062,600	688,994,495

The New York Times

Founded in 1851

ADOLPH S. OCHS, *Publisher 1896-1935*
ARTHUR HAYS SULZBERGER, *Publisher 1935-1961*
ORVIL E. DRYFOOS, *Publisher 1961-1963*

ARTHUR OCHS SULZBERGER, *Publisher*

A. M. ROSENTHAL, *Executive Editor*
SEYMOUR TOPPING, *Managing Editor*
ARTHUR GELB, *Deputy Managing Editor*
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ELISE J. ROSS, *V.P., Systems*

To Save the Next Natasha Simpson

Three out of four Americans approve the air attacks on Libya but many citizens are tormented, even angry. Oregon's Senator Hatfield calls attention (see our Letters) to Libyan hospital beds "filled with bloodied children." Other readers suspect America made merely a perfunctory pass at diplomatic or economic action before dispatching the bombers. Still others fear that a bellicose Reagan Administration has succeeded only in provoking a new wave of terror.

President Reagan has at times turned too eagerly to violence, as in Grenada, and too glibly to bombastic exaggeration, as with Nicaragua. But that does not disqualify him from ever resorting to military action. It's the unusual case when force is a sensible response to terror; Libya is that case.

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Beware oversimplifying about terrorism. The Provos of Northern Ireland have little in common with Colombia's M-19 or Greece's November 17 or the revolutionary cells of the Middle East. Each act of terrorism calls for its own response. There are times to negotiate, perhaps saving many lives. There are times to refuse demands. There are times when the only option is to fume and wait. On occasion, there are times to attack.

Why was this such a time? One test is how clear a connection can be shown between act and sponsor. Often, the Administration has been tempted to lash out in vengeance at suspected terrorist nests in, for instance, Syria's Bekaa Valley. But it's insupportable to bomb suspicions.

By contrast, consider the case that began April 5 with the La Belle discothèque explosion in West Berlin. Intelligence yielded clear evidence that the bombers were directed by the Libyan Government. Some readers cynically dismiss such evidence as hype — to win votes for aid to the Nicaraguan contras or to drive up the price of oil. But even cynics should take note when the proof of Libyan complicity is affirmed by skeptical Democrats in Congress and by West Germany's Chancellor Kohl, who told his Bundestag that the information is "clearly valid."

A second standard is to ask, Was the raid a last resort? Did the Administration first try lesser means? Yes, and not just this Administration. In 1977, the Carter Administration uncovered a Libyan plot to kill our ambassador to Egypt. In 1978, President Carter held up the sale of $400 million in equipment to Libya, as an antiterror sanction.

The Reagan Administration pleaded with other nations to join in economic sanctions in the winter of 1983 and again in the spring of 1984. Each time, the response was frustrating. Americans may have their ideas of how to handle Colonel Qaddafi, the French foreign minister said, but "we want to have normal relations with Libya."

The drive for sanctions took on new heat last December after terrorists cut loose with bullets and grenades in air terminals in Rome and Vienna, killing 18 people, including Natasha Simpson, an 11-year-old American girl. Colonel Qaddafi applauded. In January and March, high-ranking American officials toured Europe urging boycotts of Libya, largely in vain. Not until last Monday, as the planes were warming up in England, did the other allies bestir themselves, slightly. That they are now turning more serious is a welcome effect of the attack.

A further test for military action is, Does it promise more than retribution? If that's all the raid accomplished, we would agree with Senator Hatfield: There's no satisfaction in repaying blood with more blood. But the equation is incomplete. The deaths of innocent civilians in Tripoli followed attacks on military targets. Colonel Qaddafi's terrorists aim at civilian targets.

The constructive gain that the raid might produce is deterrence. Some critics deride that: Look at the new violence around the world, they say; that's escalation, not deterrence. America has kicked over the beehive, and for what? The answer lies in the difference between governments and irrational zealots who are ready to die. Where governments keep terrorism alive, they can be expected to act in their self-interest. The Administration can reasonably expect a deterrent effect as they come to recognize how much the price of sponsoring terror has gone up.

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In any event, it's forgetful for critics to blame last week's attack for new terror, as if the world would be calm had America only kept its cool. They forget that Colonel Qaddafi embarked on terror long ago. They forget his plot of December 1981 to kill President Reagan. They forget his threats of four months ago to kill Americans "in their own streets." They forget his hit list of 30 U.S. embassies. They forget Natasha Simpson.

An eye for an eye? No: a forceful punishment intended to discourage state-supported terror. That's not heedless violence but a justifiable policy, and it may help save the next Natasha.

Tax Reform En Route to a Rout

What passes for tax reform in the Senate Finance Committee looks more and more like an effort to sabotage this chance for invigorating change. Day after day, section by section, the committee members are solidifying old loopholes in the tax laws and opening up new ones. Though it's hard to believe, they are actually writing a tax code even worse than the one we have.

President Reagan has been trying to tap a palpable yearning for a simpler, fairer and economically more efficient tax system. The House produced a somewhat different version, but equally high-minded. Both versions focused on reform that would neither raise nor lower total tax collection, balancing a sharp reduction in personal and corporate tax rates against the elimination of costly deductions, credits and other special, complicating allowances.

No one thought it would be easy. Vested interests die hard. But the Senate Finance Committee, led by Oregon's Bob Packwood, is simply surrendering to them.

Heedless of the cost in both revenue and principle, it proposes to preserve the current tax advantages enjoyed by oil, timber and a number of other favored industries. Irresponsibly, it proposes to widen the tax preferences for pensions and for private bonds disguised as state and local government issues. It has designed an outrageously vague new tax break to stimulate productivity — but only for industries with enough clout to command the committee's notice.

The committee's daily surrenders are interim and there are still important votes to come. But Senator Packwood concedes that it has already given away so much revenue that there's not enough money left for the intended rate cuts. This sober dawning hides Mr. Packwood's own role in undermining reform.

The chairman, though expected to lead the Administration's legislative forces on tax matters, began with open scorn for the President's initiative, to the delight of fellow Republican senators who felt likewise. He then insisted that the tax advantages of Oregon's special interest, the timber industry, be cast in stone.

Finally, as the cornerstone of his plan to pay for all the expensive giveaways, he proposed to raise all Federal excise taxes *and* tariffs by more than one-third. Not even the members of his own committee will swallow that abomination.

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Yet without new revenue, the committee's bill would be hopelessly out of balance — *increasing* the deficit by at least $100 billion over the next five years. Those who favor broad new consumption taxes sense an opportunity here, but that is not the agenda of the long drive for tax revision.

In fact if not by design, the committee is writing a bill with no chance of enactment, serving those who want to keep the existing, loophole-ridden law in place.

The Senate as a whole, of course, could tear up the committee bill and produce a better one. But don't count on it. The majority seems delighted to find the committee taking the blame for this obstruction, and to join in claiming credit from the hordes of lobbyists all around.

Topics

Back to the Future

Calling Up

A man who boarded an airplane for the Midwest recently suffered a dose of future shock when he spied a telephone mounted on the passenger cabin's front bulkhead. It was, a sign said, a pay phone for public use. A seat-pocket flier explained the deal: Insert a credit card in the cellular "airfone," then dial anywhere in the United States. The first three minutes cost $7.50.

Unable to resist, the passenger slid a credit card into the phone's slot and dialed a friend in the East. They exchanged news, discussed their day, said goodnight. The call might have been made from any street corner — except that it included the passenger's description of the Missouri towns sparkling below like illuminated amoebas.

Future shock, he realized as he hung up, did not result from the strange becoming too quickly mundane. It was the sudden elevation of the mundane to a strange new height.

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Mass Transit

A woman who hasn't pushed a stroller in years found herself in SoHo recently just as two groups of children from day-care centers took to the street. The safe airing of 3-year-olds en masse in the city requires sophisticated logistics.

The first group sat on something that resembled an Irish jaunting cart — a wooden wagon with seats on either side. The ponies, though, were two women, who pushed rather than pulled.

The children of the second group fanned out behind their teacher, who clutched a bunch of clotheslines. At the end of each line, a child gripped a plastic circle. The teacher looked like a dogwalker, the children like puppies.

"Amazing," our friend said to herself — and then remembered an old photograph. In it her mother is holding a leash and her 3-year-old self is wearing a harness — and yes, they looked just like a dogwalker and a puppy.

Letters

Did Justice Fall From the Skies Over Tripoli?

To the Editor:

At the same time that Libyan civilians were counting their dead and assessing the damage inflicted by the early-morning bombings of April 15, Americans from Bangor to San Francisco were talking proudly of justice and honor. Libya's Col. Muammar el-Qaddafi committed a crime, they said, and he deserved to be punished.

"The Terrorist and His Sentence," you called it (editorial, April 15). Americans can assuage any moral reservations they might have with what you term "the sober satisfaction of seeing justice done."

Hospital beds filled with bloodied children are a strange definition of justice. Streets strewn with the rubble of bombed apartment buildings are a strange definition of justice. And the death of Colonel Qaddafi's infant daughter is a strange definition of justice. I suggest that these tragic sights have nothing to do with justice, but instead define a narrowing of the moral gulf that separates Colonel Qaddafi and the United States.

Nietzsche once warned that "whoever battles with monsters had better see that it does not turn him into a monster." We would do well to heed that warning. MARK O. HATFIELD
U.S. Senator from Oregon
Washington, April 17, 1986

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Congress Acquiesced

To the Editor:

There are many "scrupulous citizens" who, contrary to "The Terrorist and His Sentence," not only do not approve or applaud the American bombing of Libya, but indeed look on with horror and concern. The Libyans on the ground who were killed and wounded in the bombing are as innocent as the people killed and wounded on the T.W.A. jet and in the West Berlin disco. Further, only those who have short memories or are too young will uncritically accept the credibility of the evidence of Libyan involvement. Some scrupulous citizens recall our Government's fabrication of the Tonkin Gulf incident in which it was claimed that North Vietnamese boats attacked our Navy, and its use to escalate the Vietnam War.

The concern comes from the trampling of the Constitution and even more from the acquiescence of Congress. The Constitution grants Congress the exclusive power to declare war. Bombing a country's military facilities is the clearest act of war; the Japanese attack on Pearl Harbor was precisely that. Presidents have justified military action without a declaration of war either in emergencies or by Congressional approval, such as appropriations for the war in Vietnam, but neither was present in the case of Libya.

Whether to attack Libya was widely debated for nine days after the West Berlin bombing and for some time before that. Such a process is precisely what the Constitution delegated to Congress. That body meekly surrendered its most important power without so much as a protest, let alone a fight.

The lives of the Americans and Libyans who will die in the mad exchange of terror must be on the conscience of Congress. The future safety of our country from the impetuous adventures of a President has been gravely undermined. HERBERT SEMMEL
Brooklyn, April 16, 1986

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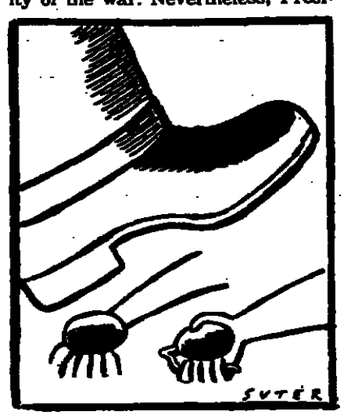
Tonkin Gulf Parallel

To the Editor:

The Constitution provides, in Article I, Section 8, that Congress has the power "To declare War, grant Letters of marque and reprisal." The responsibility of Congress to issue letters of marque and reprisal is a power long overlooked in the debate concerning war powers. According to Black's Law Dictionary, such letters are appropriate "whenever the subjects of one state are oppressed and injured by those of another, and justice is denied by that state to which the oppressor belongs."

Letters of marque and reprisal may be more appropriate to authorize the seizure of persons and property, rather than their outright destruction, which would appear to be an act of war. In either case, while the President undoubtedly has the right to defend against an overt attack on United States military personnel, such as occurred in the Gulf of Sidra, under the Constitution, it is the responsibility of Congress to authorize military reprisals for acts of terrorism.

It was the failure to observe these simple rules that led us off the deep end in Vietnam. The Tonkin Gulf Resolution was not a declaration of war nor a letter of marque and reprisal, and did not authorize specific military activities. The Government conceded this in the subsequent court cases challenging the constitutionality of the war. Nevertheless, President Johnson acted as if it were such authority, and escalated the conflict without congressional authority.



The War Powers Resolution of 1973 does not and cannot alter the Constitution. Nothing in that act authorizes the President to order specific military reprisals for acts of terrorism.

If we are to insist that governments around the world adhere to the rule of law, we must start by adherence to our own fundamental law. MARC J. LUXEMBURG
New York, April 14, 1986

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When Hitler Ranted

To the Editor:

As I read the newspapers and hear the ranting and raving of Libya's Col. Muammar el-Qaddafi, I experience mental pictures of another time and another place when a different madman was ranting and raving, and attempting to terrorize the world. Unfortunately for millions of innocent victims, the "civilized world" was too cowardly or apathetic to stand up to him. Historians are in agreement that Hitler could have been stopped dead in his tracks had the world shown strength and courage in the early and mid-1930's.

The analogy between now and then is not exact. Although Colonel Qaddafi is probably as mad as Hitler was, he does not command a country as rich and powerful as Nazi Germany. Yet, it is interesting to contrast reactions in our time. The European governments, our "allies," display cowardice, fear and selfishness. They were even afraid to use diplomatic and economic sanctions.

What is refreshingly different this time is that President Reagan is showing the kind of courage that was lacking in the dark days preceding World War II. How differently history might have turned out had there been powerful world leaders like President Reagan who had the courage to face up to Hitler when it would have mattered. HERBERT LATNER
New York, April 14, 1986

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Forgetful France

To the Editor:

The next time France is faced with a decison on allowing U.S. planes to use its air space, it might contemplate the thousands of American, British and Canadian troops who died liberating its ground from the Nazis so it could be in a position to make such decisions. DAN HARRISON
Briarcliff Manor, N.Y., April 15, 1986

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Ethical Questions

To the Editor:

"The Terrorist and His Sentence" raises broad ethical and philosophical questions. Among these are: How can you assume that America is the judge of the world? How can you dispense with what you described as the "jury" of international opinion, which cautioned against precipitous action? How can you dismiss the killing of civilians by stating that it appears the United States tried to avoid "innocent casualties"? And how can you call it "the sober satisfaction of seeing justice done"?

The world needs to discover ways to deal effectively and constructively with terrorism. Such measures will avoid the escalation of violence, enjoy broad international support and contribute directly to the goal of a just peace. (Rev.) ARIE R. BROUWER
Gen. Secy., National Council of the Churches of Christ in the U.S.A.
New York, April 16, 1986

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Fighting Fire

To the Editor:

In "A Lesson in Limits" (April 8) Tom Wicker decries the impotence of the U.S. fight against terrorism. Because, as he put it, terrorism "springs from the deep-seated grievances . . . of people who have few, if any, other means to fight powerful adversaries," the U.S. must fight terrorists on ground of their own choosing — in the streets, shopping malls and air terminals of Paris, Rome, Vienna, Athens. Terrorist acts succeed because terrorists are weak. If they were stronger, they would become tangible, identifiable, liable to eradication.

The fin-de-siècle terrorism that anarchists waged from 1894 to 1914 was far more successful in disrupting society than the current version: six heads of state were assassinated, including President McKinley. Though dozens of anarchists were caught and hung, shot, guillotined or garroted, violence continued unabated until World War I, when even the terrorists' sanguinary appetites were sated.

The anarchist Prince Kropotkin once wrote, "Acts of terrorism are needed to excite hate for the exploiters, to ridicule the rulers, to show up their weakness." This suggests that the aims of terrorism are inwardly, not outwardly, directed. Modern Arab terrorism is not so much designed to wear down the will of the U.S. as to sustain morale in the refugee camps in Lebanon, the communes in Libya and the front lines in Iran.

It follows, then, that effective military retaliation to acts of terrorism is viable, particularly symbolic acts of retaliation that strike at the morale of the people who form the terrorists' power base.

Acts of terrorism are difficult to prevent; but at least effective retaliation can mitigate the benefits of terrorism to its masterminds. To rely on the efforts of law enforcement alone is to cede the high ground to the terrorists. DAVID W. CHU
Shaker Heights, Ohio, April 11, 1986

Maybe We Can Learn to Save From the Japanese

To the Editor:

Your renewed call for a fatter Japan ("A Costlier Yen Is Not Enough," editorial, April 7) may play well in Peoria or Dallas, but could have a counterproductive effect in Sapporo or Fukuoka.

The Japanese are successful exporters and eager savers for a number of cultural and institutional reasons, not the least being that, over their long history, they have seen themselves as a poor, insular people. Heavy-handed measures from abroad have often brought the curtain down on more halcyon days: two examples include the "opening" of Japan by Commodore Matthew C. Perry and the shortages and inflation wreaked by the Arab oil embargo.

Consequently, the Japanese reaction to the "Japan bashing" filling the international airwaves is to gird for leaner times by exporting more and adding to the Japanese trade surplus with continued high savings. The exports and savings — with the savings coming in as investment flows — eventually reach U.S. shores with tsunami-like force, accentuating the vicissitudes of the bilateral arrangement.

While big business in Japan has slowly come to realize the destabilizing effects of export blitzes (voluntary car-export quotas being a result), most of Japan's workers have precarious existences working for small, vulnerable companies or in industries that are retrenching, and these employees are inclined to save heavily to cushion themselves, should unemployment result. Here, Tokyo must provide a "safety net," which would assuage the insecurity of a large portion of the labor force, and this would undoubtedly reduce what you call Japan's "culture of thrift." Other measures that could stem the savings tide include the full taxation of interest earned from the huge postal-savings system; moving the usual retirement age back to 60 or 65 from 55, and integrating the bonus system into an employee's regular method of payment — bonuses are more apt to be saved by the Japanese.

The preceding may not dampen the trade and investment flows across the Pacific, because the fault essentially lies over here in our addiction to consumption and in our being a sucker for every electronic gewgaw that is shipped from Japan. The United States tax code must simply be amended to work against consumption and encourage savings and investments. Otherwise, Japan Inc. will continue to supply our insatiable material wants and large financial needs, leading to inevitable protectionist measures, which will depress economic relationships throughout the world. LESLIE S. HIRAOKA
Professor of Management Science
Kean College of New Jersey
Union, N.J., April 9, 1986

LaRouche Connection To S.D.S. Disavowed

To the Editor:

Some reports on the background of Lyndon H. LaRouche Jr. wrongly identify his organization, the National Caucus of Labor Committees, as a Students for a Democratic Society spinoff from the 1960's.

As a national officer of Students for a Democratic Society during the middle and late 1960's, I closely watched the process by which N.C.L.C. emerged rather from the Progressive Labor Party, an organization fiercely opposed to S.D.S. and a principal factor in the destruction of S.D.S. in 1969. Historians writing 20 years from today will surely not conclude from N.C.L.C.'s recent primary victories in Chicago that N.C.L.C. is a spinoff from the Democratic Party or in any meaningful sense a part of it.

Lyndon LaRouche is a parasite formerly of radical and currently of liberal organizations. His pattern of objectives has always been reactionary, whatever the rhetoric used to obscure the fact. It is wholly in character for him and his followers to pretend today to be Democrats, just as they pretended in the 1960's to be S.D.S.'ers. CARL OGLESBY
Cambridge, Mass., April 12, 1986

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or to return unpublished letters.

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In the Wake of the Attack on Libya...

WASHINGTON
James Reston

Leave It To the People?

WASHINGTON

There's a popular notion, almost a rule in Washington, that you can criticize anybody or anything except the American people. They would know what to do on earth or even in outer space.

Thomas Jefferson thought this was a silly idea, but after a while he was followed by George Gallup and Lou Harris, who measured public opinion and convinced most politicians that what was popular was right, or, anyway, got votes.

Thus, it's allowed that Speaker O'Neill in the Capitol and even President Reagan downtown in the White House may be questioned. But the voice of the people, it's said, cannot be challenged without casting doubt on the democratic principle that the people know best.

Consider the events in Libya. At no time in recent memory has the U.S. been condemned by informed opinion across the world as it has been for this bombing raid on the Libyan capital. Yet public opinion at home has encouraged the President to pronounce the raid as a great success in the American fight against international terrorism.

For example, after the raid, The New York Times-CBS News Poll indicated that 77 percent of the American people approved the strike, and the same poll registered increased support for President Reagan's handling of the nation's foreign policy in general — from 51 percent the previous week to 76 percent following the attack.

At the same time, another poll, indicating support for the President's decision, showed the perception was that the raid would probably not reduce terror but increase it.

This contradiction, however, was no surprise. Whenever the President takes bold military action abroad, the people rally to his side.

Even President Kennedy's adventure against Fidel Castro in the Bay of Pigs was popular at the beginning when the President thought he could do it on the cheap, but disastrous at the end.

And the people supported President Johnson in Vietnam when he said he wasn't going to be the first U.S. President to lose a war. But he lost it, and the people finally ran him out of town.

This is now President Reagan's problem. He is supported by public opinion but not by informed opinion

Reagan needs more than public support for the Libya strike

either at home or abroad, and has to deal with the consequences.

Nobody doubts his objective — to terrorize the terrorists — but will it work? He consulted the allies in advance about his military invasion, but the Mediterranean allies disagreed and refused to let his planes fly over their airspace.

He didn't really "consult" with the leaders of the Congress about the wisdom of his invasion, but merely informed them that the bombers were on their way. He said this was an act of self-defense, justified by Article 51 of the United Nations Charter; but with the exception of Britain, nobody agreed that his bombers were a "proportionate" response by a major nation to this posturing sawdust dictator in Tripoli.

Did the President, for instance, consider the possible loss of life of his pilots and bombardiers in their long journey from Britain, refueling their planes around France, Spain and Portugal into the Mediterranean, or the loss of life after they hit their target?

Or maybe more important, even if they hit the target and killed Colonel Qaddafi, what would Mr. Reagan do if Libya invited the Russians to establish a naval base at Tripoli, which is precisely what the Joint Chiefs of Staff in the Pentagon have been trying to avoid for a generation?

So the Russians are delighted by this Reagan adventure. It has diverted world opinion from Moscow's military aggression to Washington's.

The Soviet Union canceled the foreign ministers' meeting with the U.S. that was to plan for another Reagan-Gorbachev summit. But that should not be taken seriously; the Russians will not confuse Colonel Qaddafi with arms control but will eventually set up another summit with Mr. Reagan to discuss the central question of nuclear weapons.

Meanwhile, the President, glorying in his bombing "success" and in the support of the American people, will have to try to work things out with the Congress and the allies, and wonder if public opinion, as measured by the polls, is a reliable guide.

"We must adopt the habit of thinking as plainly about the sovereign people," Walter Lippmann wrote 50 years ago, "as we do about the politicians they elect.

"It will not do to think poorly about the politicians, and to talk with bated breath about the voters. No more than kings before them should the people be hedged with divinity. Like all princes and rulers, like all sovereigns, they are ill-served by flattery and adulation . . ." □

Questions For Arab Moderates

By Ze'ev Chafets

Why have they not distanced themselves from Qaddafi?

President Reagan has chosen to personalize the current crisis with Libya by depicting Col. Muammar el-Qaddafi as an aberrant "mad dog." But the Administration surely knows that Qaddafism — an irrational, violent hatred of the West and its values — goes far beyond Colonel Qaddafi. In itself, however, this is not enough to explain why America's friends and allies in the Arab world — the so-called "Arab moderates" — have not made more of an effort to put some distance between themselves and the Libyan dictator.

Predictably, Colonel Qaddafi's fellow Islamic radicals have rallied around him. Syria, Iran, the Palestine Liberation Organization, Abu Nidal and others have all issued blood-curdling calls for vengence against the United States (although none has, as yet, acted on Colonel Qaddafi's demand to strike indiscriminately against American targets). Like Colonel Qaddafi, Yasir Arafat, the Ayatollah Ruhollah Khomeini and President Hafez al-Assad of Syria have been at war with America for years. Now, Washington has decided to fight back, a policy that threatens all of them, and their support for Libya is a matter of simple self-interest.

Americans no longer tremble as they once did at the thought of radical Arab reprisals. Despite Libyan rhetoric, the Organization of Petroleum Exporting Countries has no oil weapon to use. Arab diplomatic and economic influence is on the decline. True, the United States can expect a short-term escalation of terrorist attacks; but Mr. Reagan has apparently (and wisely) decided that this is the price of defending American interests and finding a long-term solution to Libya's attacks against America.

Most radical Arabs pose a real threat not to the United States but to more moderate Arab regimes. Despite this fact — or perhaps because of it — these more reasonable governments and the spokesmen of the Arab League have responded by defending the Libyan dictator.

The moderates cannot deny that Colonel Qaddafi has been waging a terrorist war against the United States. But they have tried to justify it as an understandable response to American support for Israel. This is an old trick, used by the Arabs in the past to explain every sort of extremist behavior from Palestinian terrorism to the Iran-Iraq war. Once it was taken seriously, but it no longer is — now that cheap oil has apparently lubricated Western logic. And as an explanation of Libyan hostility to America, it is transparent nonsense.

Since seizing power in 1969, Colonel Qaddafi has launched imperialist incursions into black Africa, supported terrorists from Ireland to Japan, waged cold and hot wars against neighboring Arab states and dispatched hit teams to murder innocent Libyans and equally innocent bystanders in European capitals. His attacks on American civilians are part of this larger assault on international order. Clearly, he is a dictator out of control — and, just as clearly, this has nothing to do with Israel or America's support for it.

The moderates know all this, of course. Many of them have suffered from past Libyan attempts at subversion. More than a few, such as President Hosni Mubarak of Egypt and the Saudi royal family, would be delighted to see Colonel Qaddafi fall.

And yet these leaders have raised their voices in defense of Colonel Qaddafi. Supposedly, the reason is "Arab solidarity" — a concept that works as a sort of Middle East Gresham's Law, allowing bloody-minded policies to drive out reasonable ones. "Arab solidarity" kept King Hassan of Morocco and other moderates from endorsing the Camp David accords; it forced King Hussein of Jordan to abandon the Palestinians to the leadership of the P.L.O.; and it still keeps Jordan, Tunisia, Morocco and others from negotiating with Israel. Last week, it forced the entire Arab world to publicly identify with and embrace an international criminal.

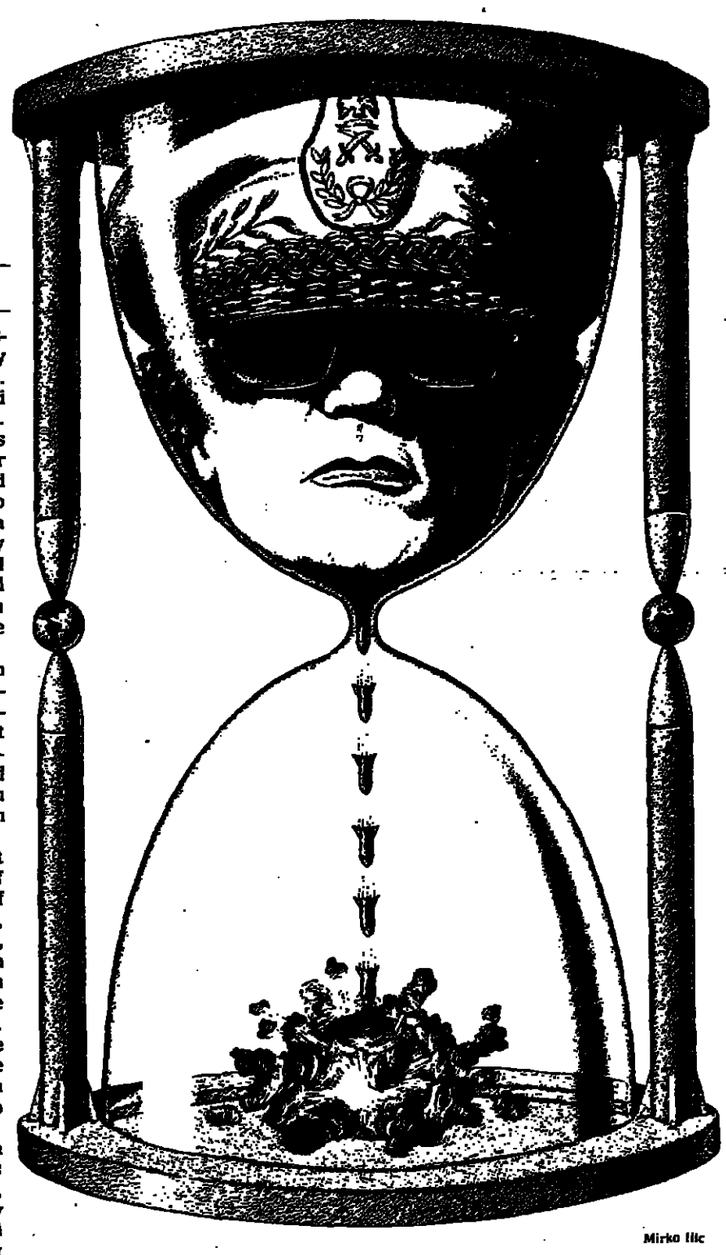
To suggest that the Arab world cannot do otherwise is demeaning. The Arabs are, as they correctly remind us, a great nation. Arab solidarity might be justified in the face of an attack in the Arab world but not in the face of the kind of defensive action America undertook last week — and moderate Arabs should be able to make this distinction.

The moderates may claim that their support for Libya is merely rhetorical. But in the Middle East, words often count as much as deeds. America is now at war with Qaddafism. It will be a long struggle, and the radicals will certainly invoke "solidarity" as a weapon. "Arab moderates" — if that term has any meaning — will have to make it clear that their commitment to international sanity and civilized behavior takes precedence over the bogus demands of an ever more radical "Arab solidarity." □

Ze'ev Chafets is the author, most recently, of "Heroes and Hustlers, Hardhats and Holymen Inside the New Israel."

A Loss Of U.S. Influence

By Lisa Anderson



Mirko Ilic

Both in Libya and the rest of the Mideast

The Reagan Administration is apparently bent on seeing Col. Muammar el-Qaddafi removed from power. If Monday's attack was not intended to kill the Libyan leader — an action that would have violated American law — it seems clearly to have been designed to precipitate a Libyan coup. If so, it showed a badly flawed reading of Libya's history and politics — a miscalculation that could weaken America's influence in Libya, indeed perhaps in the Middle East, for years to come.

Contacts with Libyan dissidents — in the exiled civilian opposition and perhaps the military — apparently persuaded American policy makers that the Qaddafi regime was so widely despised in Libya that an attack could spark a revolt. In this, Washington seriously underestimated the strength of Libyan nationalism.

The conventional wisdom that Libyans suffer from a weak sense of national identity flies in the face of their 20th century history. In 1911, Italy launched an invasion of Libya, expecting that dissatisfaction with the corrupt and inefficient Ottoman administration would lead the people to welcome the Italians as liberators. Not unlike Washington today, Rome based its action on a reading of the popular mood. In fact, the invasion proved a costly mistake, for it led to 20 years of conflict.

The experience devastated Libyan society — the country lost perhaps half its population to war casualties, famine and emigration, and virtually the entire educated elite was wiped out in the resistence — but it also very much enhanced Libyans' sense of national unity.

Libya was in no position to argue, after World War II, when the great powers made close ties with the United States and Britain a condition of Libyan independence. Within a decade of the discovery of oil in 1959, however, the country's fortunes changed dramatically, and when Colonel Qaddafi came to power in 1969, declaring Libya truly independent again, he drew on a considerable pool of nationalist support.

Whatever domestic opposition he faces today is based on domestic grievances: the future is unpredictable, the Government inefficient, corrupt and intolerant. Most Libyans are ordinarily uninterested in foreign affairs, but they are very sensitive to slights to their national honor. The United States may have intended a strike against Colonel Qaddafi, but it is being understood in Libya as an attack on the nation. Under such circumstances, Libyans are suspending their differences with each other and with the Government in favor of patriotism and national unity.

The attack is thus very unlikely to lead to the ouster of Colonel Qaddafi. But it may have serious repercussions for the composition of the government that eventually succeeds him and for the future of American relations with Libya.

The opposition has in the past been badly fragmented. The regime has alienated a wide spectrum of opinion — American-educated liberal democrats and Soviet-trained hard-liners, religious fundamentalists and the secular intelligentsia. The groups that represent these constituencies are willing to make common cause against Colonel Qaddafi, but they have agreed on little else and they can be expected to compete for influence in the post-Qaddafi era — a scrambling that may well invite intervention by the military.

The strike is likely to have weakened, perhaps crippled, the moderate pro-Western factions among the contenders for power. To be sure, no successor government will be as committed to overthrowing the international system or as willing to sponsor terrorism as is Colonel Qaddafi. But it is hard to imagine any Libyan leaders who would find themselves able or inclined to renew close ties with America in the aftermath of the American strike.

The hand of America's foes in the opposition has thus been immeasurably strengthened, while our friends were humiliated and embarrassed. Surely, this cannot be what the Reagan Administration had in mind. □

Lisa Anderson is visiting professor of political science at Columbia University.

FOREIGN AFFAIRS
Flora Lewis

Time To Agree

MILAN, Italy

Sitting in the T.W.A. lounge at Kennedy Airport waiting for the overnight flight to Italy induced a dull fatalism. Passengers watched the news in silence while Dan Rather told about the warnings, the fears, the precautions being taken by the U.S. Government.

When the newscast was over, one young woman blurted out, "If my livelihood didn't depend on it, I wouldn't take this trip." Later, another said with a nervous giggle: "There's always been terrorism in Italy, hasn't there? We'll keep a low profile, not let on that we're Americans."

The night before, skimming the intensity of American reaction, television had shown a schoolchild grinning, no doubt because of the camera trained on him, and asking, "Are we going to have a nuclear war now because Russia is a part of Libya?" And then it showed a parent, an earnest, heavy-set woman with short brown hair, saying gravely, "The kids are worried, really worried that there's going to be a war."

Then there was a psychiatrist in a white smock, identified as a stress expert, explaining that people with high blood pressure, or ulcers, or bad backs, were likely to feel a lot worse in this period because they'd be tightening up under the tension and that would aggravate their maladies.

I wondered what we were doing to ourselves. One day Americans were puffed-up supermen, proudly telling each other that nobody can push them around. The next day people were quivering, not at terrorism but in self-induced terror, to a degree no Libyan leader could possibly achieve.

The flight was uneventful and the arrival tiring but routine. The conference here is about East-West relations, attended mostly by Europeans from both sides but also a number of prominent Americans and a couple of Soviet officials. The atmosphere is cordial, as usual, but there is an undercurrent of serious disturbance among the Westerners.

Italian Labor Minister Gianni de Michelis noted unhappily that thousands of students were demonstrating against the U.S. in the middle of Milan, the first big anti-American demonstration since the period of the Vietnam War. "We're all against terrorism, certainly in Italy," he said, "but bombing that kills women and children . . ."

The allies must take a common stand against Libya

Another Italian said that may be the expression of youth, but older people were getting fed up and were wondering why this country, which finally took very stern measures to defeat its own decade of terrorism, hadn't been readier to cooperate in isolating Libya. A senior German expert on international affairs said he was personally embarrassed at the allied refusal to show more solidarity with the United States.

There was clearly concern that the depth of angry feeling on both sides would do serious damage to the alliance, far beyond what Moscow, let alone Tripoli, could possible have provoked. That is the real issue now, much more important to the future of all in the West than the random, occasional incidents of terrorism. It is harder to dramatize, but it is a far greater danger.

The recriminations and the analysis of who should have done what at which step have to be set aside. The spilt milk must be cleaned up. The urgent need now is for a clear, public show of allied solidarity so that the peoples of the West and the opposing regimes can see that the dispute has been a limited one about methods, not about purpose and determination.

The deadline for action is probably the Tokyo summit in a fortnight. Otherwise, the wounds will fester and take a long time to heal. It shouldn't really be so difficult for the major Western states to agree on some political and economic sanctions against Libya to show they can and do take a common stand.

If the measures go further than Europeans might really wish and not quite so far as Washington would like, that won't matter. That is the meaning of friendship and accommodation. The point is to show that there really is basic agreement.

The immediate problem is weak governments in Europe. France is virtually paralyzed by its internal politics, and Germany's Chancellor Helmut Kohl, normally indecisive, is in added personal trouble. The French-German axis which underpins the European Community probably isn't up to an initiative. Britain's Margaret Thatcher is out on a shaky limb. Italy and Spain are talking about taking a lead together, but they're afraid of seeming inconsequential.

Leaders must stop dithering. The passions they have stirred can fracture the bulwark of the West on which they all rely. □

Why Europeans Are Angry

By Ferdinand Mount

LONDON

Americans still do not understand the shock and outrage felt throughout Europe, Britain not excluded. Most people in the United States, if they care at all what we think of the Libyan raid, are puzzled, indignant or scornful. It seems to them obvious that Muammar el-Qaddafi had to be punished and that to fuss about the method is typical of the flabby yellow-bellied response they have come to expect from their allies.

Worse still, they detect in this response the patronizing Old World sniffiness they so resent. Gen. Vernon Walters, United States Ambassador to the United Nations, claims that "what you've got in Europe is a complex that Americans are ignorant, they are naïve, they are stupid." The anti-Americans are in any case just the same old people "who have never forgiven us for the Marshall Plan."

General Walters is not an ignorant, stupid or naïve man. But what he says seems to be the complete reverse of the truth. The people in Britain most upset by the Libyan raids are the pro-Americans, who remain lastingly grateful for the Marshall Plan. The anti-Americans of the old left are chortling with pleasure, delighted to see the President back in his traditional role of anti-Christ.

Nor is it quite right to portray the traditional British view of the United States as one of a naïve and ignorant nation. We may be patronizing about the moralistic tendency in American foreign policy, but we have always been aware that this reflected a genuine moral sense, rare among nations in history. The United States, unlike most other great powers, has not always acted as a "cold monster." With its commitment to the advance of government of the people, by the people and for the people has gone a commitment to the letter and spirit of international treaties and agreements.

The Libyan operation was not self-defense in any sense that the framers of Article 51 of the United Nations Charter would have recognized. Nor was it the kind of North Atlantic Treaty Organization operation Harry S. Truman and Clement Attlee had in mind when they came to their agreement on joint decision over the use of American bases in Britain.

The language used in Washington about the raid does not bear much relation to reality. It is ludicrous to describe as "carefully selected targets" a list that includes a target in the center of Tripoli. Civilian casualties were inevitable, and they knew it. By contrast, almost to the end of the Vietnam War, America was painfully scrupulous in refraining from bombing Hanoi and Haiphong civilian centers.

All prolonged wars carry the risk of moral coarsening, as the painful example of the British bombing of Dresden reminds us. But our expectations of the Americans remain uniquely high, and we are thus uniquely disappointed when they fall from grace.

It is cheapening to talk of Margaret Thatcher's consent being sought — and obtained — as a return for favors granted during the Falkland war. To say "she owed him one" is to use the language of the Mafia in a case where the most exact observance of international law and agreements between nations was to be expected. She could have said no. She should have said no. It is fair to recognize the considerable sacrifice she made for the sake of keeping the Western alliance together. President Reagan gets all the cheers. She gets all the hard knocks.

Americans willing to discuss such matters tend to take refuge in saying, "Well, all we are doing is behaving just as you did when you were top nation, and that's why you don't like it." Owen Harries, editor of the National Interest, in Washington, points out, with some justice, that when Britain was suppressing the slave trade and piracy, "It was not averse to using force to do so, realizing that nothing else was likely to get the job done, and was not particularly scrupulous about respecting international law in the process."

President Reagan himself sounds a bit like Lord Palmerston (a Prime Minister in the Victorian heyday of gunboat diplomacy) when he declares that "when our citizens are abused or attacked anywhere in the world, on the direct orders of a hostile regime, we will respond, so long as I'm in the Oval Office."

But do we want a battleship or a mass bombardment to avenge every wrong? Retaliation upon retaliation? This is surely peculiar counsel of despair from a nation so dedicated to optimism. For the signs before the raid were that, very slowly, at considerable cost, terrorism can be and eventually will be defeated, but by a demanding mixture of patience, sustained security measures, international cooperation and political progress.

The only comfort is that another great American virtue is a willingness to learn from mistakes. □

Ferdinand Mount was a policy adviser to Prime Minister Margaret Thatcher from 1982 to 1984. This article is adapted from The Daily Telegraph of London, where he is a political columnist.

Asian Culture and Western Artists

By MICHAEL BRENSON

In the last 10 years, Western art, particularly in America, has set both feet on the shores of the Orient for the first time. Numerous artists, coming from a great many directions, have been roaming through the artistic landscapes of Japan, India and China. The journeys have usually been solitary and silent. What artists have found there is essential.

Although Western artists have been intrigued by the Orient for well over a century, interest tended to focus on one or two areas. In the 19th and early 20th centuries, the harmonies and dissonances of Middle East color and light lured scores of artists, including Eugène Delacroix, Paul Klee and Henri Matisse. In the second half of the 19th century, the Impressionists and Post-Impressionists generated a wave of interest in Japanese prints. In the 1950's, Abstract Expressionists were drawn to Chinese calligraphy and Zen Buddhism. Now Japanese, Indian and Chinese art, as well as Middle Eastern art, are *all* part of Western culture, and they are all being explored at the same time.

The expansion of interest in Oriental art certainly reflects the geopolitical situation. It coincides with expanding commercial and cultural relations between East and West, with the increasing number of first-rate exhibitions of Oriental art, with the growing market for Oriental art and with the development of global communications and jet travel. Perhaps most important, it coincides with the opening up of China.

But the interest in Oriental art is so widespread now because it touches deep needs. Oriental art is not loud. It is not fast. It is not linear in its approach to composition and thought. It does not place high value on originality and invention. It is against self-consciousness. It is highly theoretical, but theory in Oriental art is a way of getting beyond theory and learning to listen. Its goal is not analyzing from the outside, but understanding from within.

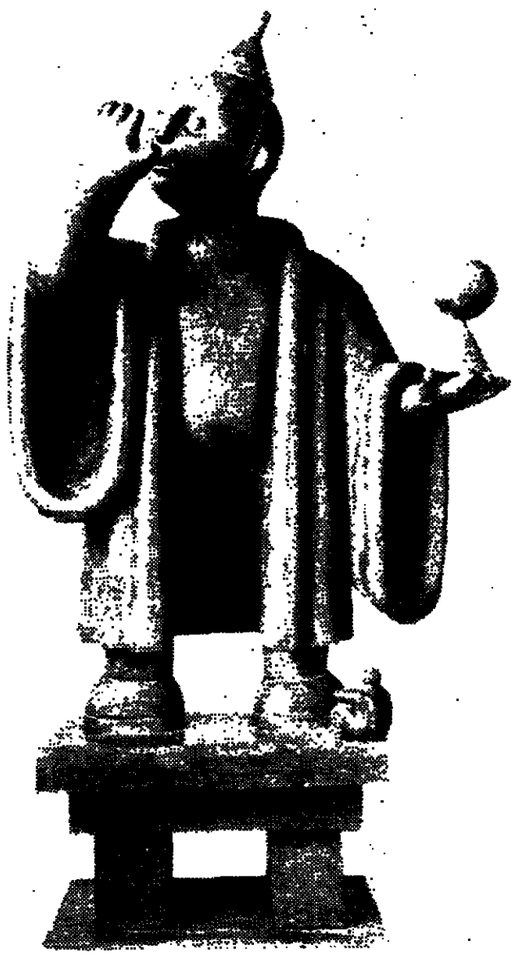
"Western art training is about reproducing," said the young painter Robin Winters, who grew up around Oriental art and culture in northern California. "There it's not reproducing, but in the spirit of. If you are drawing a leaf, you are not drawing the leaf — you *are* the leaf."

"Eastern sculpture involves a more mental idea of form," said the sculptor Tom Otterness, who studied at the Art Students League before spending nine months in Asia. "It comes more out of thought. When I think of the West, I think of a dense, muscular body. In the West we cut the body open, look at it and reconstruct it. In the East it is more of an internal than an external perception."

The interest in Oriental art is not a trend. It is not a new suit of clothes that artists will wear this season and discard the next. It has little or nothing to do with appropriation. Many artists who have been involved with it have been involved for a long time. The number of purposes Oriental art serves is greater than tribal art. It can be a source of images, shapes and patterns. It can inspire artists moving in political, formal and expressive directions.

It can also enable artists to infuse new life into postwar artistic thinking. The free-floating spaces and vital gestures in Abstract Expressionism have a long history in Chinese painting. The economy of means and empty spaces in Minimalism have long been part of Chinese and Japanese art. In Oriental art, however, gesture is never abstract, and economy of means and respect for the void are always expressions of a natural philosophy and cosmic order. In short, many artists steeped in American modernism are attracted by Oriental culture because it offers a more holistic way of seeing.

"There is a concentration and purity without a rejection of subject matter," said the painter Pat Steir, one of many American artists who havevisited Japan. "The concentration comes from aiming the self at the thing."



Clockwise from below: "Cone Boy" (1984), a sculpture by Tom Otterness, Avigdor Arikha's 1984 oil painting "Chinese Vegetables" and Melissa Miller's 1985 acrylic on paper "Raven as Peacock"

The influence of Orient art on contemporary art can be felt in many ways. Sometimes it is obvious, as in the Indian miniatures of Francesco Clemente; the link between calligraphy and image in the collages of Robert Rauschenberg, who was introduced to Zen by the composer John Cage; the shifting perspectives in the landscapes of David Hockney; the arabesques and patterns of Robert Kushner; the dainty, yet voluptuous pots of Betty Woodman, and the stones of Isamu Noguchi, whose sculpture gardens have been instrumental in keeping Oriental art in the public eye. Anyone familiar with Japanese prints will probably recognize their effect on painters like Alex Katz, Sonia Gechtoff and Yvonne Jacquette.

More often than not, however, the dialogue with the Orient is as silent and discreet as the Oriental art that inspired it. Without some clue, it would be difficult to identify the role of Japanese art in early single-image paintings of Susan Rothenberg; or the awareness of Chinese and Tibetan painting behind the abstract paintings of David Reed; or the study of Chinese composition and brushwork behind the cloud paintings of Karen Gunderson, or the interest in Japanese theater that inspired the abstract painter Stephen Mueller.

Arts & Leisure

As much as artists may now be beckoned by the Orient, however, many are also aware that its timeless song may lead to a reef. "We don't want to be Chinese painters," said Brad Davis and Janis Provisor, two Colorodo-based artists who are husband and wife. In Mr. Davis's current show at the Holly Solomon Gallery, shapes, brushstrokes and conventions from Chinese painting are used to generate a pictorial impact that is distinctly Western.

Many of the artists who have traveled to the Orient are also aware that the traditions and philosophies that lured them there are increasingly threatened, and that Oriental cultures may not now venerate those traditions as we do. The sculptor Alain Kirili — who forges calligraphic gestures in iron — has written on Indian yonilinga sculptures, which only have meaning when the linga (the vertical shaft) and the yoni (the basin or base) are united. Now, he says, they are being broken up and shipped abroad, and the linga is being sold alone.

For the sculptor Elyn Zimmerman, the old and new in Japan are increasingly at odds. "The contemporary art world in Japan looks entirely to New York and Germany," she said. "There is a real division between young artists, who consider themselves part of the SoHo world, and older artists — who still call themselves craftsmen — who carry on the tradition of calligraphers and potters. The two worlds don't cross at all."

"Japan is trying to forget its past," said the Japanese-American Isamu Noguchi, who spends half of every year in Japan. "I'm trying to remember it. That's why I'm looked at so curiously there. My work is certainly more appreciated here than in Japan."

For many artists who have been moved by Oriental art, its effect on their work is likely to be profound. The Paris-based artist Avigdor Arikha first encountered Chinese and Japanese painting when he was a child in Rumania. In content — he paints and draws the people and environment around him — and pictorial structure, his work is very European. In the rapidity with which he works, however, and in his belief that "economy of means is, in fact, the threshold of concentration," he has been marked by Zen and the art of China.

"It is the idea of having it go by itself — that when you do something intentionally you go backward," Mr. Arikha said. "You are back to the realm you know already. Intention cannot bring you to revelation. When I draw and paint, the essential thing is not to know what I do, or else I cannot come to what I see."

The presence of Oriental art is no more visible in the paintings of Melissa Miller. Miss Miller paints animals. They may be swimming, grazing, bounding or hunting. They may don the skins of other animals. "There is a realm of fantasy in Japanese art that is much freer," she said. "It comes out of the animism of their culture. Japanese art has to do for me with imaginative freedom, with the license to look and believe."

Thirteenth-century Choju Giga animal scrolls have been a model for her. "In those scrolls, there are animals playing games, acting as priests, fighting wars. What the artists do with their animals is make them walk that wonderful fine line between animal and human behavior, objectivity and personification."

Ibsen's 'Wild Duck,' Alive With the Modernist Spirit

By MEL GUSSOW

WASHINGTON

"The Wild Duck" is one of Ibsen's most introspective and self-critical plays, a work that assails the idealism that was the foundation of his previous art (including "A Doll's House" and "An Enemy of the People"). A household is engulfed by moralistic fervor as Gregers Werle awakens his old friend Hjalmar Ekdal from his complacency — from what could be regarded as a lie of the mind. That lie, the illusionary vision that Hjalmar has of himself and of his marriage, is his sustenance. Without it, he is psychologically destitute. In Ibsen's altered attitude toward liberalism, Gregers, the meddling idealist, becomes the true enemy of the people. At the same time, the victim, Hjalmar, never could be considered a hero. The single tragic figure is Hjalmar's teen-age daughter, who keeps a maimed wild duck as a pet, a symbolic representation of her own and her family's fantasy life.

As Shaw, who was one of the play's champions, realized, in performance the work should provoke waves of horror, pity and laughter, all of which are conveyed in Lucian Pintilie's inspired production at the Arena Stage. Without neglecting the ideas that instill the play with intellectual rigor, the director has approached it as a visceral, modern work of theater, and his cast, headed by Richard Bauer as Hjalmar, rises to the dramatic challenge. Last season at the Arena, Mr. Pintilie offered a radical reinterpretation of "Tartuffe," fascinating on its own terms but dislocating Molière's humor. His "Wild Duck" has certain directorial embellishments, some of them small (Hjalmar plays a violin rather than a flute), some consequential (a more overtly dramatic conclusion), but the production is both adventurous and faithful to the spirit of its source.

In contrast to other more single-minded Ibsen plays, "The Wild Duck" has a split-screen focus, and neither of the principal characters is as simple as he might seem to be. Gregers is both high-minded and Iago-like in his impulses. Hjalmar is played upon by his friend, but he deserves his fate; he is suffering from a fatal case of self-delusion. In Ibsen's phrase, he and his family are trapped in the "depths of the sea." They are unable to extricate themselves, and end by swimming with the tide.

Mr. Pintilie's striking conceptual approach is bound up with the visual design of his frequent collaborators — and fellow Rumanians — Radu and Miruna Boruzescu. The first act, which serves as prologue, is set in the plush home of Gregers's father, the tyrannical figure that towers over lives held in his thrall. As Gregers and Hjalmar share their private reunion, a meeting that takes place before a blazing hearth but at a cool emotional distance, the complacent local nobility is having a formal party that we see through a transparent screen. The conversations converge, but never merge. The two societies remain polarities.

The subsequent scenes take place in Hjalmar's house, represented by a warehouse-like loft space, populated with three generations of the Ekdal family. The director strips the proscenium Kreeger stage to its concrete walls, giving the setting a sense of barrenness, signifying the Ekdals as struggling have-nots of the community. On ground level is Hjalmar's photographic studio, a business that is managed by his wife while he is preoccupied with futile dreams of invention. In a lofty aerie overhead (rather than, as in the text, in an adjacent room) is the family's private game preserve, where Hjalmar's father, a disgraced former Army officer, acts out a ritual of hunting. This is also where Hjalmar's daughter plays with her wild duck. In the production, the absurd barnyard of a "domain" is given a tangibility, even to occasional flying feathers. For all the fantastical living arrangements, this is a rooted environment. The Ekdals are at home, and, as soon as the outsider, Gregers, enters, the idyll is imperiled.

One of the difficulties in staging this problem play is that the two pivotal characters can seem to behave so foolishly. The once dashing Hjalmar coasts on his youthful reputation, undeserved, for genius. He is an autocrat at home and a coward at large (at the party in the first scene, he snubs his seedy father who wanders through), yet we are supposed to feel a kind of affection for him. Ibsen warned that the role "must not be acted with any trace of parody." If played superficially, Hjalmar can become a buffoon, as was the case in the lamentable production of the play in 1981 at the Brooklyn Academy of Music. While not vitiating the character's egotism, Richard Bauer allows us to understand that this is a pitiable, limited man who is infatuated with his own image. He is adored by his daughter; therefore he is a figure for adoration. He is so immensely vain that he can blithely proclaim, "Vanity is not one of my vices." But beneath the cowardice, there are sudden, though short-lived, spurts of conscience.

The homely Gregers, in contrast, is a truth-teller, sternly confident about the necessity of unmasking all illusions. He is the angel of death masquerading as the angel of light. Even after wrecking Hjalmar's family, he has no idea of the extent of the damage that he has inflicted. Christopher McCann plays Gregers with a quiet insidiousness. Gradually we see the naïveté that informs his malice. Carefully underplaying the role, Mr. McCann is like a dour Dostoyevskyan figure, a self-proclaimed saint, who has wandered into an Ibsen landscape. When Michael Bryant played the character several seasons ago in an intelligent, traditional production at London's National Theater, he brought to it a genteel air of confidence; one thought of him as a true believer. In contrast, Mr. McCann plays into the sinister side of this meddler.

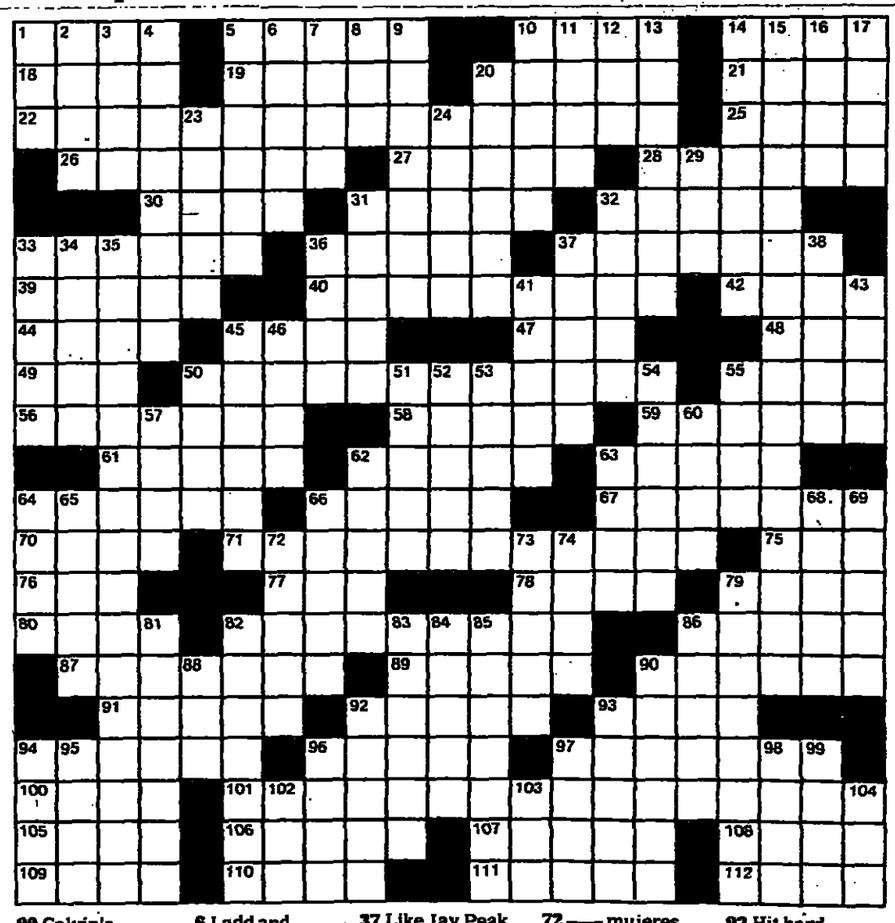
When Mr. McCann reveals the lies within his friend's life, Mr. Bauer reacts with rage, smashing objects until the house is littered with rubble. (As was also the case with Mr. Pintilie's "Tartuffe," stagehands have arduous roles and actors have to be careful where they step.) The usual response from the character is an interiorizing of the man's depression. In Mr. Bauer's mercurial portrayal, Hjalmar's reactions seem more understandable, especially to a modern audience. In the middle of the rage, he remembers that it has been a long time since his last meal. At his request, his wife brings him a piece of bread. Mr. Bauer looks up quizzically and — ignoring the tempest — calmly demands butter. In this and other scenes, the atmosphere is heightened — either comically or tragically — but not past the point of truthfulness. There is, however, one directorial touch that is intrusive, the melodramatic plunge of a body (a dummy) from the hunting domain overhead.

In Mr. Pintilie's version, cynical Dr. Relling is given a new importance. As conceived by the director and as played by Stanley Anderson, he is not only the play's single voice of reason and the man who keeps Hjalmar's "vital lie alive," he becomes Gregers's activated conscience. He pursues Gregers and, in an addition to Ibsen, the two men battle physically as well as verbally, with the final taunt going to the doctor, as he tries to badger his adversary into self-awareness. Though that climactic encounter and several others are additions to the text, they clarify and in some cases deepen the emotions unleashed by Ibsen.

With Mr. Bauer and Mr. McCann as the strong center of the company, the other actors are exactingly in stride with their director's vision — Richard Dix and Mark Hammer as the two opposite grandfathers; Tana Hicken and Rebecca Ellens as mother and daughter in harness to Hjalmar's wishes; and Mr. Anderson.

Urban Developments

BY JOHN DREYER; Puzzles Edited by Eugene T. Maleska



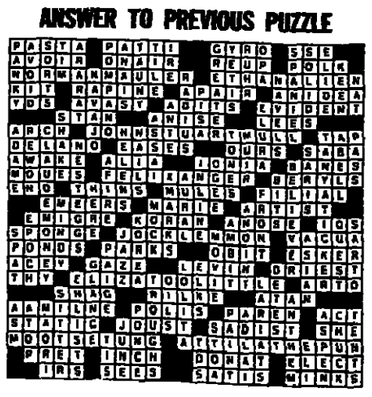
ACROSS

1 Lowest high tide
5 Head-covering membranes.
10 Grappa's cousin
14 "¿Cómo —— usted?"
18 Site of Napoleon's first exile
19 Author Douglas
20 Flounces
21 Penurious
22 London
25 Gasp
26 Endurance
27 Laborer's recompense
28 Wedges
30 OPEC measures
31 City SE of Dunkerque
32 Bake eggs
33 Triangular walls
36 The Jumblies' craft
37 Extraordinary
39 Slipped a cog
40 Amsterdam, once
42 Sale condition
44 Birthplace of Anacreon
45 Pinocchio, at times
47 Turf
48 Second part of a snicker
49 Figure in "The Faerie Queene"
50 Warsaw
55 An officer below a lt.
56 Close, as a building
58 Hustle
59 Provides
61 Covets
62 Neighbor of Mindoro
63 Pierre's possessions
64 Congo tributary
66 Manila's island
67 Jurors' considerations
70 First Secretary of Transportation
71 Rome
75 Stein work: 1941
76 Lifework: Abbr.
77 Hwy. vehicle
78 Was worsted
79 It lives after us
80 Cpls., e.g.
82 Paris
86 Francesca's lover
87 African antelopes
89 "... —— away!"
90 Calvin's predecessor
91 Type sizes
92 Part of a doorframe
93 Belted
94 Puzzling
96 Valuable violin
97 First khan
100 Tweed's twitter
101 Glasgow
105 Sign-language pioneer
106 Kin on Mom's side
107 Part of a springe
108 Loch in Scotland
109 Baron De La ——
110 Outstanding feature of Cyrano
111 Blake's beast
112 Parts of a hull

DOWN

1 Teachers' org.
2 Guernsey and Jersey
3 Incite
4 Tales containing morals
5 Rhodes and De Mille
6 Ladd and Bates
7 It's connected to the humerus
8 Dawson of football fame
9 Purer
10 Rowdydow
11 Sacred bull of Egypt
12 Monogram for Blind Pew's creator
13 Bench was one
14 Large stores
15 Stockholm
16 Sherman or Grant
17 Formicary denizens
20 Stuyvesant was one
23 Set firmly
24 Part of a trumpet
29 —— jacet (part of an epitaph)
31 Franc's predecessor
32 Hammett's detective
33 Costume
34 Montreal's Forum, for one
35 Berlin
36 Unescorted
37 Like Jay Peak
38 City on the Meuse
41 Shylock's practice
43 Parts of some matches
45 Obtained from milk
46 Bothers
50 The Kingfish
51 Moslem hero
52 Talk continuously
53 Borneo anthropoid
54 Emulate the Jacobins
55 When Columbus made his last voyage
57 End up
60 Hemidemisémiquaver, e.g.
62 First-rate, to Kipling
63 Elec. units
64 —— Ratchathani, Thai province
65 Italian lawn game
66 Lemur called bashful Billy
68 Cato was one
69 Arty party
72 —— mujeres (other women): Sp.
73 Deserted
74 Walden, for example
79 More natural
81 Outlawed pitch
82 Nursery item
83 Metamorphose
84 Olympic hero: 1972
85 Prominent
86 Apply plaster
88 Mann is one
90 One in pain
92 Hit hard
93 Graylags
94 Was aware
95 City near Sacramento
96 Exclamation of regret
97 British tar's quaff
98 River in Brazil
99 Balkan citizen
102 One, to Juan
103 Louis XIV or XV
104 Hosp. personnel

ANSWER TO PREVIOUS PUZZLE



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Multiplying plants

GARDENER'S CORNER / Walter Frankl

DURING the second half of April, when the weather is warmer and more stable, it is time for house plant propagation by cuttings.

Everyone who has a more than passing interest in house plants wants to try his hand at propagating new ones. The excitement of watching a cutting take root and grow into a mature plant never wears off. House plants are quite expensive today, but there is nothing easier than producing your own at nearly no cost and in a short time. Many of the potted plants you buy at a florist or a nursery have been raised from cuttings, and there is no reason why you should not increase the number of plants you possess in the same way. All of the following popular plants. can be multiplied now by cuttings:

Begonia gracilis, (*begonia gracilis* also in Hebrew), *Begonia semper florens (begonia porahat ad)*, *Coleus hybridus* (*nedanounit*), *Dieffenbachia picta* (same in Hebrew), *Euphorbia pulcherrima (poinsettia)*, *Fuchsia hybrida* (same in Hebrew), *Impatiens balsamina* (busy Lizzie, *bosmat hagina*), *Kalanchoe blossfeldiana*, (same in Hebrew),. *Punica granatum (dwarf pomegranate, rimon nanassi)*, which should not be confused with the common, fruit-bearing pomegranate, which is propagated in March.

Also fine for propagation are *Tradescantia zebrina* (*hayehudi hanoded*), which includes many types of wandering Jew with green, purple, silver-striped and yellow-white foliage and *Hoya carnosa* (*batsheva*), the lovely long blooming wax flower, which should be propagated by a single one of its fleshy leaves on a piece of stem about 2-3cm. long. The *Hoya carnosa* should be inserted with three-quarters of the leaf above the surface.

Some cuttings will root easily in a glass of tap water, but cuttings rooted in water always suffer a severe setback when transferred with their tiny roots to soil, and not all manage to adjust to the new and different way of absorbing oxygen through the roots. Rooting the cutting in a growing medium (soil mix) is, therefore, the better method.

Not every cutting you plant will take root, and you'll avoid a lot of unnecessary disappointment by not expecting them all to do so.

What do you need. The most important item is a healthy mother plant. If you don't possess a specific plant you would like for your collection, try to get a cutting from a neighbour or friend.

I bought a *Begonia semperflorens* recently at a nursery for NIS 4. I took from it 6 small stem-cuttings and inserted them into a growing medium. The removal of the small cuttings did not hurt the mother plant, which quickly recovers, grows normally and flowers later for a long period. Meanwhile my 6 potted cuttings will also grow and gradually become flowering begonias just like their mother plant. You can do the same – and not only with begonias.

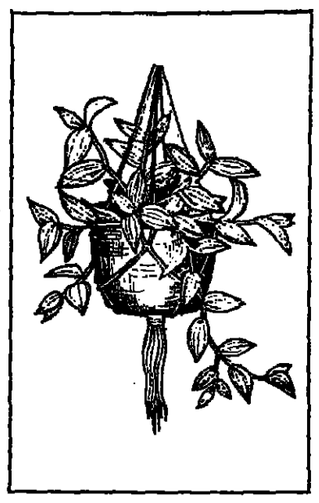
Cuttings are probably the most widely used of all propagation methods except seed. Indeed there are few plants that cannot be increased in this way. In addition to the healthy mother plant you need: a sharp knife or a pair of secateurs; several pots or other suitable containers; a soil mix composed of one-third vermiculite, one-third peat and one-third compost; a watering can; a bucket or similar large container to mix the medium, and a work table.

There is no law for a specific soil mix. Today every nurseryman, every professional gardener and many amateurs mix their own medium for propagation. It need not be sterile like vermiculite or perlite, but it should be light and moisture-retaining. Try different materials for the same purpose as fine tuff hagolan, sand from the seashore, vermiculite, perlite, peat and compost or the ready-to-use (and expensive) Solit growing medium with added osmocote (coated grains of a general fertilizer). If you live near the Mediterranean you can take ordinary sandy soil for rooting cuttings without any further additions.

Cutting versus layering. Several plants can be propagated by layering. In this technique a stem is bent down and fixed to loose soil for rooting. Compared to a layer, the cutting has a more difficult way to growth. A layer remains connected to its mother plant and can draw upon it for food and water, until its own roots and leaves are fully established. The cutting, on the other hand, lives entirely on the food still contained within its leaves and stem. It is essential, therefore, that it should form roots to draw in water and food before its original store becomes exhausted. For this reason rapid rooting must be encouraged. This is best done by wetting the cut end and dipping it into a hormone rooting powder before inserting it into the growing medium.

How to plant a cutting. Drainage must be provided for every container by placing a flat stone, a clay pot shard or a handful of coarse tuff hagolan pebbles over the drainage hole.

Fill the pot or other container to within 3-4cm. of the rim, pressing the soil down firmly and finishing with a top layer of sand (1-1½cm. deep), so that when holes are made with a dibble or a small stick to receive the cuttings, some of the sand runs into the holes. This makes it easier for the new roots to become well established.



Wandering Jew... easy to propagate

The length of a cutting varies from 10 to 15cm. Remove the lowest 2-3 pairs of leaves before inserting the cutting into the medium about 5-6cm. deep. All cuttings should be inserted firmly.

Roots develop best just below the point where a leaf joins the stem. Make your cut there. The development of roots on a cutting has two definite stages. First comes the formation of a callus of cork across the cut end of the stem. Then roots develop and push through this callus, finally forming an entirely new root system.

Potted cuttings should be placed in half shade (best under old trees or shrubs) where they will be protected against direct sunshine. Water, for the first time at any rate, should be given by a watering can with a rosette.

Summer vegetables. This section is written for people in rural settlements with enough garden space to grow edibles for the family. But I always recommend mixing edible plants, vegetables, berries and herbs together with ornamental plants even in a garden on a balcony, a flat roof or a patio.

The number of summer vegetables and herbs is quite large. There is still time for planting of tomatoes, peppers, eggplants, parsley, dill, onions, carrots, lettuce and kolrabi, which we started to grow during March. It's risky to sow radishes again, because hot weather tends to make then shoot into bloom, but I would take the risk.

In addition, there are easy to grow summer vegetables that thrive in this country, the members of the cucurbitaceae family – cucumbers, marrows, melons and squash. All can be sown now in a rich, deeply dug soil.

As I described in my last column, it's not sowing alone that makes a plant grow, but also proper maintenance. Only people with sufficient space and, more important, people with sufficient time, should grow summer vegetables for food. All vegetables of the cucumber family require regular (2-3 times a week) watering, weekly cultivation and weedings, plus monthly feedings and, most important, a continuous control of pests and diseases. It's fine to grow your own cucumbers, and it may be even more interesting and satisfying to grow your own sweet melons. But think twice before you start. Do you have sufficient time for maintenance?

Beans are easy to grow. Choose green bushy ones or the very tasty, low-growing yellow beans. Climbing species can decorate a fence or climb near trees or shrubs or be trained on long sticks arranged like a wigwam. (These are the pole-beans.) All beans like warmth and plenty of water. This year, with its water shortage you can get good results by frequent cultivation and less watering. The beans will benefit from the nightly summer dew, and the roots will get their share of moisture when you open the top soil frequently with a light cultivator.

Other summer vegetables that can be planted now are sweet corn, sweet potato *(batata)*, okra *(bamia)*, sunflowers for edible seeds and peanuts.

All will be ripe for harvest in July or August.

Is your lawn mower ready? At the end of this month all dormant lawns in this country will awake again. Lawns will need to be watered regularly now, fed occasionally and mown several times a week, you will need to remove weeds, keeps edges trimmed and see that pests are destroyed. More about lawn care in my next column.

ROAD READ

RANDOMALIA
Miriam Arad

SEEING THAT Kenya straddles the equator, it is no great marvel that I crossed it – not once but four times, coming and going. Perhaps, though, it would be more accurate to say that I crossed a road sign announcing this was the equator, latitude zero, since for all I know the equator iself might have been anywhere between one and 15 kilometres to the north or south. Trusting the road signs is a Western habit one soon learns to give up in Kenya.

They are not just unreliable, they go about stating mutually incompatible facts with cheerful abandon. At an intersection near the town of Nakuru, three signs within a few metres of one another inform the interested motorist that Nairobi is, respectively another 146, 147, and 159km. away, but who's counting. We did set out counting one day, just for the hell of it, when the sign said, "Kilindi Ferry – 2km." which didn't square with our roadmap. We measured the distance on the car's speedometre and it was 13. Still, in this case they were at least consistent, for coming back we found an identical sign saying "Kilindi Ferry – 2 km." on the other side, and from there, too, it was exactly 13km. to the ferry. Which did make it reliable, in a way.

I DO a lot of reading on the road altogether – of bus names, for instance. It seems the Kenyan bus driver has a special feeling about his vehicle, and likes to refer to it by name. Hence we got stuck one day on a narrow road behind "Jacob the Leader" who nevertheless did not insist on leading all the way, but graciously waved us on when the road was free. A more surprising name was "The Young Master," smacking of colonial days, or maybe just getting its own back on the old master. My own favourite was a sparkling new minibus called "A Man's Wish." Perhaps its driver had been stuck with an old jalopy for years, had felt only half a man in it, had been yearning and yearning, saving a shilling here, two there-...Ah well, maybe Egged ought to adopt the idea. There's just a chance that the Israeli bus driver would care more about "David's Delight" than mere 6173083, and perhaps clean its windows once in a while.

Kenyan drivers are no better than they should be, but the authorities are extremely polite to them. "A word to the wise/Use both your eyes" is the gentle admonition of one road sign, which, however, seems to defeat its own purpose: A driver would need at least one eye to read it. The alarming rate of fatal road accidents prompts the Kenyan, like his Israeli counterpart, to write letters to the editor about it, though these have a special flavour our own lack. Following is an excerpt from one such:

"For heaven's sake don't be so overwhelmed by civilization as to bend the traffic rules...Speed kills – go within the speed your heartbeat can hold. Twenty-five feet off the tail of the other car saves the face, chest and heart of your car... Look before you advance. It's mostly in overtaking that the nasty head-on kiss occurs...Although your lights are the soul of your safety at night, avoid full blast to prevent a collision..."

I expect this also goes some way to explaining why buses have names.

Reviewing a pardon

LAW REPORT / Asher Felix Landau

In the Supreme Court sitting as the High Court of Justice before Justice Aharon Barak, Justice Avraham Halima, and Justice Eliezer Goldberg, in the matter of Mina Yosef-Yaskowitz, petitioner, versus the Minister of Police, Attorney-General, and Adnaan Ben Daud Abu Sanina-Silwan, respondents (H.C. 659/85).

THE PETITIONER'S husband was murdered by a gang of terrorists belonging to the Popular Front for Liberation of Palestine-General Command. The members of the gang, including the respondent Adnaan, were convicted of murder and sentenced to life imprisonment. However, on the basis of an understanding with the Red Cross, Adnaan and another member of the gang were pardoned by the president of the state, and released.

The petitioner than applied to the High Court of Justice to order that Adnaan be reimprisoned on the ground that the president had not exercised his own discretion but had simply given effect to a decision of the government.

The judgement of the court was given by Justice Aharon Barak. The petitioner, he said, had relied upon a letter sent to her by the president's legal adviser. That letter stated that Adnaan and the other murderer had obviously not been pardoned with the object of releasing criminals, but, as was the case with many other terrorists, in order to secure the release of Israeli hostages, and as part of the efforts made to save their lives. The letter also pointed out that the whole matter had been considered by successive Israeli governments over many years of negotiation, and that the final decision to release the terrorists had been unanimous.

IT WAS true, Justice Barak said, that under section 11(b) of the Basic Law: the President of the State, the release of offenders was a matter within the president's discretion. Although under section 13a of that law, the president himself was not amenable to the jurisdiction of the courts, the exercise of his discretion in matters of pardon was subject to judicial review.

In the present case, however, there was nothing in the letter cited to indicate that the president also had not himself weighed the question of Adnaan's release, or that he had exercised his discretion unlawfully. The result was that there was no ground for the court to interfere.

For the above reasons, the petition was dismissed.

Advocates Menahem Segal and Shaul Keren Gil appeared for the petitioner, and Advocate Renato Yarak, director of the High Court Division of the State Attorney's Office, for the respondents.

Judgement was given on March 13, 1986
Note: The reader is referred to the article on "The Power of Pardon" in The Jerusalem Post of June 3, 1985.

LABOUR OF LOVE

MUSIC

THE GONDOLIERS – Operetta by Gilbert and Sullivan (Jerusalem Theatre – April 15). Director Tamara Vardin-Mutal; Producer: Sharona Tel-Oren; Musical Director: Eri Doron. Nancy Nagan (Gianetta), Mary-Hannah Khotz (Tessa): Adi Adar (Marco), Ed Spitz (Guiseppe) Harvey Narrol (Duke of Plaza-Toro), Maxine Ray (the Duchess); Ronit Yalon-Downs (Casilda; Arnold Gross (Luiz); Amiel Schotz (Don Alhambra del Bolero); Sarah Fishman (Inez). Chorus, dancers, orchestra.

SPACE does not allow us to give credit to all those who participated in this labour of love – those who took part in the preparation, the scenery, the props, coaching, lighting, stage managing, and the hundred-and-one anonymous jobs until they culminate in the actual performance.

For the fourth time in as many years, the Light Opera Group of the Negev (Logon) presented a Gilbert and Sullivan evergreen. Each time the productions get better, smoother, more sophisticated; but until now they have retained their amateur character, in the true sense of the term. May Logon never become too professional, too slick. As it is, the enjoyment on stage is carried over the (non-existent) footlights, and infects the audience. The fun is shared by all, and G & S provide another evening of vivacious farce, taking our minds off more serious matters.

Back-drops, colourful costumes, lively acting (even of minor roles), and a surprising amount of good singing by obviously trained vocalists made this production most enjoyable. Asides with local political references brought the play up to date with good humour.

Eri Doron kept all his forces together – the 16-piece orchestra, a remarkably good chorus and the sentimental or tongue-twisting soloists. We noticed some "stars" from previous productions, as good as ever, and some new, very positive talent. As a show it was entertaining and absorbing; as a *tour de force* of tenacious endeavours by dedicated volunteers, and as a community effort, it was exemplary, and worthy of the highest recommendation and the fullest support.

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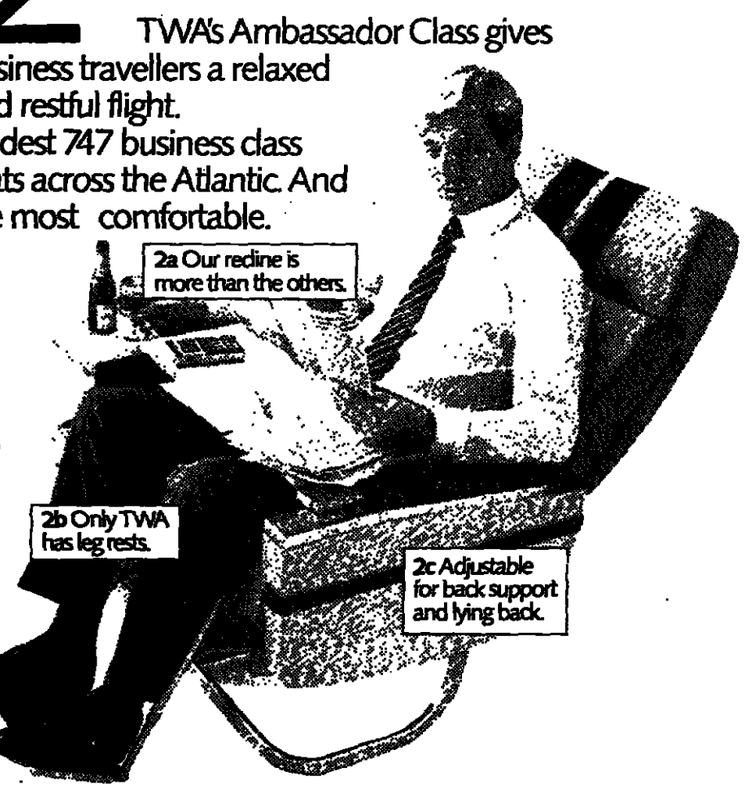

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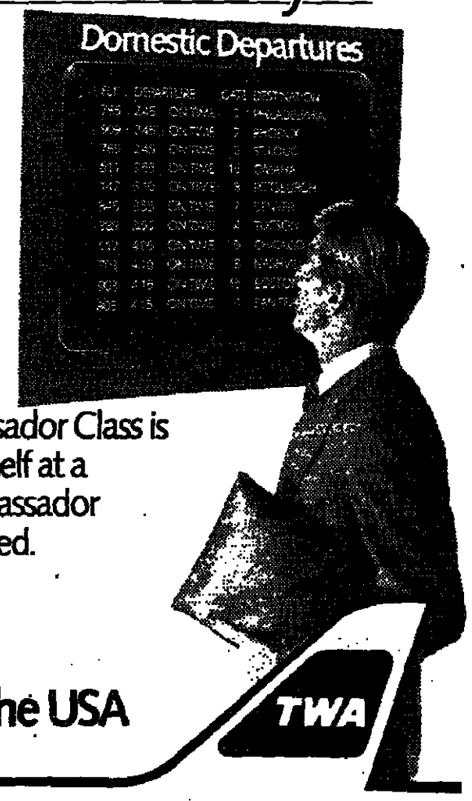

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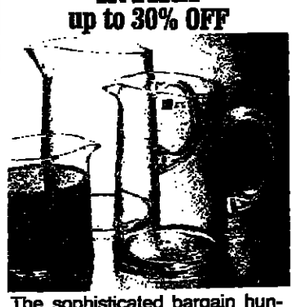

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SPORTS

Oxford take QPR by storm to win Milk Cup

WEMBLEY (AP). – Oxford United crushed Queens Park Rangers 3-0 at Wembley stadium here yesterday afternoon to win the Milk Cup in only their first season in England's Division One soccer league.

Goals by Trevor Hebbard, Ray Houghton and Jeremy Charles swept aside Rangers' challenge, as Oxford was able to forget their relegation worries and turn on a stunning second half performance.

Ironically, Rangers are managed by Jim Smith, who was in charge of Oxford during the club's meteoric rise from the Third to the First Divisions in consecutive years.

Smith's West London team, containing several experienced internationals, had been clear favourite to win the trophy, but Oxford, placed 20th in the 22-team top division and in danger of a quick return to Division Two, never let Rangers settle during an untidy first half and then took the game by storm.

In Scotland, Hearts were held 1-1 at home by defending champions Aberdeen, but stay on course for their first Scottish league title in 26 years.

A late equalizer by John Colquhoun preserved Hearts' unbeaten streak and opened up a three point lead over Dundee United with two games remaining.

Leibowitz on Ustinov is top rider

Post Sports Reporter

TEL AVIV. – Adi Leibowitz on his mount Ustinov won the Israel Horse Society's second heat of the 1986 national show-jumping championship, held over the weekend at Kfar Shmaryahu's Jockey Club. Leibowitz was the only one of the 25 participants to achieve two clear rounds.

Five riders shared second place, each with four faults. They were Laurie Bliss, Niko Gabai, Adina Plamer, Ran Weinstein and Nancy Zertlin. With two heats to go, Bliss on Dayana is the overall leader in the competition.

Holmes retires, says bout was fixed

Spinks outlasts Holmes to retain IBF crown

LAS VEGAS (Reuter). – International Boxing Federation (IBF) champion Michael Spinks withstood two thunderous rights in the final rounds Saturday night to score a split-points-decision that loser Larry Holmes branded a fix.

A disgusted Holmes said he broke his right thumb in the third round but still thought he had won the 15-round contest. He then announced he was finally through with the sport that had earned him more than $30 million in 18 years.

"I'm gone. I'm announcing my retirement and I'm going on now to different heights. I have other projects that I could do. I've got my hotel and I'm not broke," the 36-year-old champion said in his dressing room before going to hospital to have his thumb treated.

Spinks, who became the first light-heavyweight ever to win a heavyweight title last September when he ended Holmes' dream of matching Rocky Marciano's record of 49 wins without a loss, was as gracious in victory as Holmes was bitter in defeat.

"No matter what, he's still my champ," the 29-year-old champion told a news conference, but added: "He looked worse now than he did the first time."

Spinks said he let Holmes burn himself out, giving him the first three rounds, but from the sixth round "I was hustling Larry. From the 10th round I was outhustling him totally."

NHL play-offs level

MONTREAL (AP). – Guy Carbonneau scored his first two goals of the NHL playoffs in support of Patrick Roy's steady goal tending to lead the Montreal Canadiens to a 3-1 triumph over the Hartford Whalers on Saturday night, tying their best-of-7 Adams division finals at a game apiece.

In Landover, Maryland, Gaetan Duchesne and Alan Haworth scored two goals apiece and the Washington Capitals trounced the New York Rangers 8-1 to even their playoff series at one game apiece.

Seko battles fatigue to win London marathon

LONDON (Reuter). – Japan's Toshihiko Seko, the pre-race favourite, fought off increasing fatigue to win the sixth London marathon yesterday in two hours 10 minutes two seconds.

Britain's Hugh Jones, the 1982 winner, finished second in 2:11:42 and his compatriot Alistair Hutton was third in 2:12:36.

World champion Grete Waitz of Norway repeated her 1983 triumph when she was the first woman home in a lifetime best of 2:24:54.

Seko, a major sporting hero in Japan with four wins in the Fukuoka marathon, took the lead after the halfway stage in the 42.195-km. race which had been run up to that stage at world record pace. The 29-year-old Japanese, running through light rain which only let up in the final section of the race, looked strong and full of running until he hit the cobbled streets by the Tower of London at the 35-km. mark.

Then the cobblestones obviously affected Seko's rhythm. He looked increasingly in pain and all hopes of a world best disappeared.

By now he had, however, strethed his lead over the dogged Jones to 300 metre and although he was visibly slowing and grimacing with the effort he was able to hold on in the final stretch up The Mall and finish to warm applause on Westminister Bridge.

Waitz, who intends to make the European championship marathon in Stuttgart later this year her final major race, paced herself perfectly. The graceful Norwegian was never under any serious threat and she picked her pace smoothly in the second half to show that at the age of 32 she remains in the top flight of women marathon runners. New Zealander Mary O'Conner was second in 2:30:52.

More than 20,000 runners started the event, the biggest field ever assembled for a marathon.

The race was started by the heir to the British throne, Prince Charles, and watched throughout by millions of spectators.

Maccabi coach to move to Hapoel

By DON GOULD
Post Basketball Reporter

TEL AVIV. – Moshe Weincrantz, assistant to Maccabi Tel Aviv head coach Zvi Sherf for the past three years, could become the new head coach of Maccabi's arch-rivals Hapoel Tel Aviv.

The new management of Hapoel's basketball organization have been trying to make up their minds between the dean of local coaches, Yehoshua Rosen, and the much younger Weincrantz. It appears that youth has won out. He is expected to be signed up soon.

Speculation as to whether Sherf will continue next year as Maccabi's head coach, however, continues.

It is expected that Weincrantz will continue as Sherf's assistant on the National team, which has now begun preparations for July's World Cup competition in Madrid. The National team leave tomorrow for Belgium and a series of important practice games.

Walking to victory

NEW YORK (AP). – Pitcher Tom Conroy drew a bases-loaded walk in the 17th inning that forced home the tie-breaking run and led the St. Louis Cardinals past the Montreal Expos 9-6 in Saturday's baseball action.

In other National League games, Pittsburgh ripped Chicago 14-8; Atlanta blanked Los Angeles 3-0; New York tripped Philadelphia 3-2; Houston edged Cincinnati 4-3 and San Francisco rallied past San Diego 6-5.

In American League games, Milwaukee nipped New York 4-3 in 11 innings; Cleveland beat Detroit 8-6; Toronto defeated Kansas City 6-5; Boston topped Chicago 3-2; California topped Minnesota 6-5 and Oakland beat Seattle 7-2.

Connors mashes Wilander

TOKYO (Reuter). – Jimmy Connors, displaying superb form, overpowered Mats Wilander of Sweden 6-4 6-0 in the final to win a $250,000 exhibition tennis tournament here.

Hawks, Lakers enjoy 2-0 leads

NEW YORK (AP). – The Atlanta Hawks, with Dominique Wilkins scoring 50 points and Randy Wittman a career-high 35, joined the Los Angeles Lakers in taking 2-0 leads in their first-round NBA playoff series.

The Lakers, who beat San Antonio by 47 points in the series opener last Thursday night, had a tough time for awhile in the second game before pulling away to defeat the Spurs 122-94 in game two.

Wilkins tied a team playoff record held by Bob Pettit for the Hawks, who defeated Detroit 137-125. Wilkins got strong support from Wittman and Spud Webb, who had 19 points and 18 assists.

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THE BEJSKI REPORT

Members of the Bejski inquiry commission. From left: Prof. Marshal Sarnat, Jerusalem District court Judge Vardimus Zyler, Supreme Court Justice Moshe Bejski, Prof. Daniel Friedman and Prof. Ze'ev Hirsch. Front right is Asher Zidon, commission secretary.

(Eliahu Haruti)

From the financial turmoil to the commission's report

Jerusalem Post Staff

The bank shares collapse in October 1983 plunged the country into a financial crisis that was relieved only by the government's intervention and promise to ensure at least partial reimbursement of the massive public savings held in the shares.

The collapse was the outcome of an escalating process of share manipulation by the major banks.

That process had pushed the market value of bank shares to nearly three times the value of the banks' combined capital. The artificial inflation of the bank shares' value had been impelled by the competitive race between the banks to increase their capital by new issues so that they could expand their operations, particularly abroad.

The manipulatory regulation of the bank shares continuously raised their prices, preventing a fall in their quotations, even when the public offered large sales. The process ended on October 6, 1983, when, after a selling wave by the public, bankers were forced to buy back more than $1 billion worth of their shares. This exhausted their financial reserves and wiped out all the capital they had mobilized through new capital issues in the three preceding years.

By the beginning of October 1983, the banks had run out of financial resources for the further absorption of shares still being dumped on the market. They could no longer borrow abroad. The prices of the bank shares and the capital market as a whole were faced with collapse. There was the danger of a collapse of the banking system, of serious injury to investors, and of risks to the national economy.

The government was forced to step in, undertaking to redeem outstanding bank shares after two, four, five and six years at their market value on October 6, 1983, linked to the dollar, and bearing interest at a rate that varied according to the period for which the shares were to be held before redemption.

The $6.9b. obligation increased the government's domestic debt by a quarter, and consolidated vast sums for redemption in October of 1985, 1987, 1989 and (particularly), in 1988. The estimated actual loss to the government will amount to $2.5b. This is after deducting the shares held by the banks for their own account, and the asset value of the other shares.

More than a year after the bank-share crisis shook the country there was a major aftershock: On the last day of 1984, the state comptroller issued its report on the share collapse. The report, the harshest ever from the State Comptroller's Office, led directly to the establishment of the Bejski Commission of Inquiry.

The comptroller accused the commercial banks, which for years had been "regulating" their shares, of failure to distinguish between "regulation" and "manipulation." By doing so, the comptroller's report said, the banks had at least come close to practices that could make them culpable of fraud.

The report censured the government authorities for having acquiesced in the "manipulative regulation" of the bank shares. At the same time, it rejected the claim by the banks that the authorities' acquiescence – and at times even encouragement – had legitimized the commercial banks' practices.

Throughout the report, the comptroller referred to the banks' intervention in the market to drive up the price of their shares as "manipulative regulation." He distinguished between regulation and manipulation. The former, practised in many stock exchanges in the world, is intended to smooth fluctuations, due to sudden waves of sales or purchases, without affecting the trend. Manipulation, by contrast, is an intervention to affect the market trend itself. According to the comptroller, the Israeli banks practised this latter kind of intervention. They did not merely sell in response to spurts in demand, or buy when there was a burst of sales, but placed their orders before the opening of trade on the stock exchange – so called "leaders."

In addition, the banks extended credit to their customers for the purchase of their shares, accepting the same shares as collateral. They got their investment counsellors to persuade the public to prefer their shares to other forms of investment, and persuaded the provident and pension funds to buy their shares.

These practices, the comptroller said raised the question whether they were legal in terms of the Securities Law and the Banking Law. These laws make it a criminal offence to influence the price of securities fradulently, or to mislead any person with regard to the purchase or sale of securities.

The comptroller put the blame for the course of events that led to the crash on all the government authorities who had responsibility for controlling and supervising the banks – the Treasury, the Bank of Israel, and the Securities Authority.

All these authorities, the comptroller said, had been aware of the practice of share regulation since 1979. They had also been aware that in 1980 and 1981 the yields on the bank shares had risen steeply, and a price-level had been reached that could only be maintained by still more regulation.

In his summary, the comptroller virtually demanded the setting up of a commission of inquiry, saying that only such an investigation could give a full answer to the question of who was responsible for the bank crisis.

The report, with its criticism of the banks and the authorities alike, restored the share collapse to the centre of public attention. A week after it was issued, the Knesset State Control Committee voted to ask Supreme Court President Meir Shamgar to appoint a judicial commission of inquiry.

The Knesset committee gave the inquiry panel a wide brief, asking it to "investigate all the facts and factors that brought about the regulation of the bank shares, from the beginning of the regulation until the crisis in the shares that occurred in October 1983."

As required by law, Shamgar chose a Supreme Court justice, Moshe Bejski, to chair the commission. A second judge, Vardimus Zyler of the Jerusalem District Court, was also chosen, as were three academics: Prof. Daniel Friedman, former dean of the Law Faculty at Tel Aviv University, and two financial experts, Ze'ev Hirsh of Tel Aviv University and Marshall Arnat of the Hebrew University.

The process of the inquiry was drawn out. The commission began hearing witnesses on March 17 of last year. Three months later it issued warnings to 16 of the country's financial leaders and to 11 commercial banks and government agencies, saying they stood to be injured by the inquiry's final report.

The Bejski Commission broke new legal ground as the first state commission of inquiry to warn corporate bodies and institutions as well as individuals.

But with the exceptions of former finance ministers Yigael Hurvitz and Yoram Aridor, who were directly involved in and responsible for share regulation, it shied away from warning politicians. With respect to elected officials, the commission appeared to say, the voter should have the last word.

So notable in their absence from the list of those warned were the Treasury, the Knesset Finance Committee, the Bank of Israel Advisory Council, the past and present chairmen of these committees and some of their more prominent members, such as Avraham Shapira, Shlomo Lorincz, Dan Tichon, Adiel Amorai, Yigal Cohen-Orgad and others.

In September a few of the individuals and bodies who had been warned presented verbal defences. For the most part, though, those warned chose to defend themselves in writing – in massive briefs filed last November. From then until yesterday, the commission members were kept busy going through the evidence and preparing their report.

The public hearings last spring comprised a relatively small portion of the commission's work. But the thinking of its members was demonstrated in Bejski's endlessly-repeated question to the series of bankers, regulators, administrators and bureaucrats who occupied the witness stand during the hearings: "Why did you not do anything?"

The specific context varied from witness to witness, but the thrust of the question was always the same. Given that you knew about what the banks were up to in their long-running share "regulation" scheme, Bejski would prod one after the other, and assuming that you realized the inherent dangers of forcing shares to advance continuously in price, irrespective of their intrinsic economic value, why did you not do something active, positive, concrete – *something* – to change the system and to head off, or at least mitigate, the looming disaster?

The witnesses tried a number of tacks to evade the issue. Position papers, internal reports, conversations, and any other evidence available, were used to buttress the defence of each party. Buck-passing was practised on a massive scale – the banks to the government, the Tel Aviv Stock Exchange to the Securities Authority, the Securities Authority to the Bank of Israel, the Bank of Israel to the Treasury, minister to minister, the living to the dead. The buck apparently stopped nowhere. But after all the excuses Bejski was always there with the nagging question: You had responsibility and power in your specific area, why didn't you do anything? In the end there was no answer.

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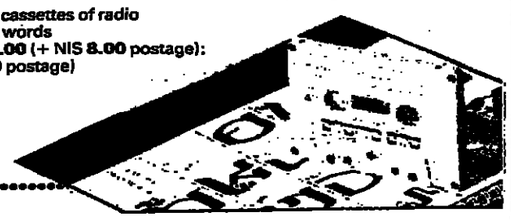

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هكذا من الاصل

Moshe Bejski (Dan Landau)

Meir Heth (Uzi Keren)

Rafael Recanati (IPPA)

Ephraim Reiner (Uzi Keren)

Giora Gazit (Mula & Haramaty)

Aharon Meir (Israel Sun)

Galia Maor (Dan Landau)

Where the blame lies

Here are summaries and excerpts from the 560-page report submitted yesterday by Supreme Court Justice Moshe Bejski on the 1983 bank share crisis:

Ernest Japhet, chairman of the board of Bank Leumi and Union Bank: The commission states that Japhet's activities in connection with the regulation of bank shares were "unacceptable in every way from start to finish, and contributed to the crisis of October 1983."

The commission notes that Japhet "had a unique senior position in the banking system and had a great influence on the economy... Mr. Japhet's stand against ending the regulation had a great influence on other banks that refused to give up the regulation."

Therefore, the commission states, "Mr. Japhet is not suitable for his position in Bank Leumi and Union Bank, or for any other senior position in the Israeli banking system, in any of its branches here or abroad." The panel recommends that Japhet resign his positions within 30 days.

Ephraim Reiner, former chairman of the board of Bank Hapoalim and now head of Hapoalim's American investment subsidiary, Ampal: The commission notes that Reiner was relieved of his position as head of Bank Hapoalim last October, but continues to hold senior positions within the Hapoalim concern, and states:

"Mr. Reiner is not suitable for any senior position in the bank or in the concern to which it belongs, or elsewhere in the Israeli banking system...We recommend that if Mr. Reiner does not resign voluntarily within 30 days he should be relieved of his position by the appropriate body within the concern."

Giora Gazit, chairman of the board of management of Bank Hapoalim: The commission is less critical of Gazit than it is of any of the other bank heads, and its recommendations against him are less sweeping.

The commission notes that Gazit was aware of the dangers of share regulation and that when he discussed the subject with regulatory officials he took "a public-minded position that went beyond the narrow interests of the bank." Despite this, Bank Hapoalim under Gazit continued to regulate its shares.

The commission states that Gazit "is not suitable for his current position or any other position at the top of the bank's management hierarchy." But it does not rule out his serving in another role elsewhere in the banking system.

Raphael Recanati, chairman of the board of IDB Bankholding Co. and its subsidiary Israel Discount Bank: The commission says that Recanati "is not suitable for his position in Bank Discount or in IDB, or in any other senior position in the Israeli banking system, in its branches here or abroad."

Aharon Meir, chief executive officer of United Mizrahi Bank: The Commission states that Meir's "responsibility is particularly grave because in meetings of the banks' board of directors...warnings were sounded of the serious consequences of regulation. Mr. Meir did not pay heed to these warnings. Furthermore, we found irregularities at United Mizrahi Bank which were graver than those found at other banks."

The commission notes that at one point Mizrahi unilaterally stopped regulating its shares. But in the commission's view this does not relieve the bank of responsibility for the irregularities that occurred when Mizrahi was engaged in regulation.

The commission says that Meir is unsuitable for any senior position in Mizrahi or anywhere else in the banking system.

David Shoham, former managing director of Israel General Bank: The commission notes that Shoham has already retired and therefore simply mentions his responsibility for share regulation, without making any further recommendations.

Arnon Gafny, governor of the Bank of Israel from 1976 to 1981: The commission criticized Gafny for failing to stop the regulation while it was till in its initial stages. Gafny, according to the commission, did not warn the various finance ministers of the danger of what was happening. It was during Gafny's term of office that the regulation became more extreme.

As the man responsible for supervising the commercial banks, he failed to institute a formal, efficient method of preventing them from carrying out unacceptable practices.

Gafny retired from the governorship and today does not have any official position: therefore the commission said it was sufficient merely to state his responsibility, as explained above.

Moshe Mandelbaum, the present governor of the Bank of Israel: Mandelbaum was appointed governor in 1982, and was deputy-governor from September 1981. The commission regards Mandelbaum as personally responsible for the errors and failures recounted in the relevant parts of the report.

The commission notes that the regulation was at its height when Mandelbaum assumed office. He found a system already in force. Nevertheless, for nearly two years Mandelbaum witnessed distortions of the money market, which prevented proper functioning of the commerical banks and a reasonable monetary policy, without taking any initiative to redress the situation.

The commission was aware of Mandelbaum's concern over the effect of his intervention; but it states that he ought to have realized that the situation caused by his lack of action would only become increasingly worse.

Mandelbaum did not act as a governor of the central bank – who is charged with advising the government, and guiding and controlling the banking system – ought to have acted.

Consequently the commission concluded that Mandelbaum's term as governor should be ended. It would be appropriate for the governor to draw the right conclusions from this report and resign his position within 30 days. If he does not, the commission suggests he be removed from his position under Paragraph 15 of the 1954 Bank of Israel Law. If there are difficulties over this, the law should be amended to facilitate his removal.

Oded Messer, who was the inspector of banks from 1975 to 1982: the commission notes that Messer did not make use of his authority to supervise the banks in realms which directly or indirectly served the interests of regulation. This lack of initiative was abused by the commercial banks and they were able to carry out improper and illegal practices.

The commission concluded that Messer was not sufficiently alive to the danger of what was happening, and he did not attempt to find out the sources of financing the regulation. The commission rules that Messer did not fulfil his job as inspector of banks.

As Messer does not have a public position today, the commission finds it sufficient to draw attention to his responsibilities in the affair.

Yigael Hurvitz, finance minister from November 1979 to January 1981: The commission states that the share regulation could have been stopped during this period without causing serious damage, and notes that Hurvitz knew of the regulation. But rather than investigate the gravity of the problem, the report states, he "made do with the declaration by the commissioner of the capital market that the matter was being handled by other authorities."

Since the share regulation had already caused macro-economic problems, the commission states, the finance minister "should himself have acted and was responsible for his ministry's failure to do so."

However, the commission concludes, since Hurvitz is no longer finance minister, "it appears sufficient to declare his responsibility."

Yoram Aridor, finance minister from January 1981 until the bank shares crisis in October 1983: The commission notes that the seriousness of the problem was brought to Aridor's attention in September 1981 and states that he failed to use his authority to impel the banks to end the share regulation. "Mr. Aridor refrained from taking steps to change the regulations of the bourse to make the share regulation more difficult," the report states.

Though the commission recognized that the share regulation was "at its height" when Aridor entered office, it rejected his position that he was justified in not doing anything "over such a long period" to solve the problem. Because of Aridor's inaction, the report states, the Treasury was totally unprepared for the crisis of October 1983.

Aridor did not fulfil his duty as finance minister, the commission concludes, and "he is fully responsible for the oversights detailed in this report." But since he is no longer finance minister, the commission says "one must make do with the declaration of his responsibility."

Ya'acov Ne'eman, director-general of the Treasury when Yigael Hurvitz was finance minister: The commission notes that the director-general carries out the policy of the ministry and states that Ne'eman's responsibility is commensurate with that of Yigael Hurvitz. Since Ne'eman is no longer a public servant, the report concludes, one must make do with the declaration of his responsibility.

Ezra Sadan, director-general of the Treasury when Yoram Aridor was finance minister: The commission states that its remarks concerning Ne'eman apply equally to Sadan, who also is no longer a public servant.

Ben-Ami Zuckerman, who was commissioner of the capital market, insurance and savings in the Finance Ministry from 1977 to April 1983: The commission says that none of the explanations it received justifies the failures in the fields of his activity and authority. It singles out his failure to inform successive finance ministers of the seriousness of the regulation problem.

Although Zuckerman knew the seriousness of the situation, he did not inform the relevant authorities until he drew Yoram Aridor's attention to it in 1981. As Zuckerman does not hold any official position today, it is sufficient to draw attention to his responsibility in the matter.

Gallia Maor, inspector of banks since 1982: The commission found that, in her relatively short term as inspector of banks before the October crisis, there were no changes in the supervision of the banks regarding regulations and no authority was excercised over the irregular practices of the banks.

The commission notes the special situation with regard to regulations in 1983 and the initiatives (including the unimportant ones) taken by Maor.

The commission notes Maor's personal responsibility, but in view of the special circumstances explained in section 18.68 of the report, does not recommend that she draw personal conclusions.

Meir Heth, chairman of the directorate of the Tel Aviv Stock Exchange from 1978 until January 1986: The commission notes that Heth was aware of the negative effect of regulation on stock market trading and the capital market. He did not hide his views and was possibly the only one to speak out about the problem publicly over the years.

The report is full of references to his views, his attempts to influence the relevant authorities to change the situation, and to persuade the commercial banks to modify their regulation of their shares.

Nevertheless, in the stock exchange itself, where he was in charge, he failed to secure the implementation of his own recommendations for instituting proper trading practices in shares.

The commission takes into account the make-up of the stock exchange directorate, which militated against its accepting Heth's recommendations (representatives of the commercial banks dominated the directorate).

The commission does not accept Heth's line on this, and feels that he should, as chairman, have pursued a more aggressive policy towards the directorate. He should also have demanded that the finance minister use his authority to change the situation. This was the case even if he did not think he could persuade the minister to carry out his demand.

Heth deserves praise for his publicly adopted positions, but this does not relieve him of his responsibility as head of the stock exchange.

The commission notes that it has singled out the heads of the banks involved in regulation and of IDB Bankholding, which owns Israel Discount Bank. But it adds:

"By the nature of things we are unable to draw personal conclusions concerning other senior bank officials, whose role in setting the policy of share regulation was great. The board of directors of each bank should draw conclusions about the positions which those responsible for carrying out the regulation may hold in the future within the bank."

Investment counselling and the regulation of shares

The investment counselling provided by the banks comprised part of the apparatus that maintained the regulation of share prices. This was done by influencing clients to buy the banks' shares, thus relieving the banks themselves of the need to use their own resources to finance the regulation. The banks thus thrust themselves into a serious conflict of interest. In many cases, the interest of the bank in selling its shares was given preference to the interest of the client in receiving objective, reasoned counsel.

It should be noted that in this chapter we have stressed the banks' investment counselling policy and have not drawn conclusions about specific advice given to clients. It is possible that certain transactions were based on information possessed by a particular adviser, or that others were initiated by the client...

It should also be clarified that advice given to clients that stemmed from the bank's interest did not necessarily work to the detriment of the clients. On the contrary, for a long time bank shares were a sound acquisition, and clients enjoyed a substantial return.

Nevertheless, we must stress that even if it turned out that the client received a substantial return on his investment over a considerable length of time, he was actually assuming a significant risk without being aware of it.

It should also be pointed out that the regulation of share prices put the banks in such a position that when the crisis struck, advice that would have benefited a certain group of investors would have led to the collapse of the capital market and would have been catastrophic for the bank itself, thus harming the vast majority of those who held bank shares.

For example, if the banks had advised their clients during the period of the "creeping devaluation" to sell bank shares and buy foreign currency, then the earliest group of clients to take this advice would have benefited. But the banks, which would not have been able to absorb the shares suddenly put up for sale, would have simply stopped trying to buy them. The bank-shares market would have collapsed due to the surplus of unwanted shares, and the others who held bank shares, including the banks themselves, would have been the losers.

When one tries to understand how the process of regulation acquired such powerful momentum – in terms of the amount of money invested, the number of people involved and the inflated share prices boosted by massive demand – it is impossible not to take into account the investment counselling apparatus that was part of the banks' operations. This was one of the most important factors in the expansion of the bank-share market and to the steady, dizzying climb in their prices that eventually led to the crisis.

The more the banks' clients followed their advice, the greater the attraction for the bank shares became, thus pumping up their prices. A fall from the bottom of a ladder differs considerably from a fall higher up. The banks' advice to their clients was a factor that pushed the prices to the higher rungs of the ladder, with the result that when the crisis came and the prices fell, the impact was felt all the more.

The Stock Exchange

The stock exchange, which was controlled by interested parties, did not prevent these parties from exploiting their position on the exchange directorate or its other bodies to make regulations and devise methods of trade that would facilitate the "running" [pumping up the price] of shares in general and the regulation of the bank shares in particular.

During the years under investigation, the exchange refrained from making the necessary changes in its operations, despite its being aware of the situation through the various warnings that surfaced in its internal deliberations and even publicly in the news media. The exchange evaded implementing the explicit recommendations of the Securities Authority for improving its operations, such as increasing the number of public representatives on the directorate, stepping up supervision of its work by the Securities Authority, and changing methods of trade, such as stoping the use of "leaders" in the share-price regulation.

In its deeds and misdeeds, the exchange did not succeed in fulfilling the expectations contained in the laws allowing it to regulate its own affairs, which were based on the assumption that it would have the wisdom to organize its structure and activities of the members of the exchange, but also the public interest.

The Israel Export Institute
announces that Institute
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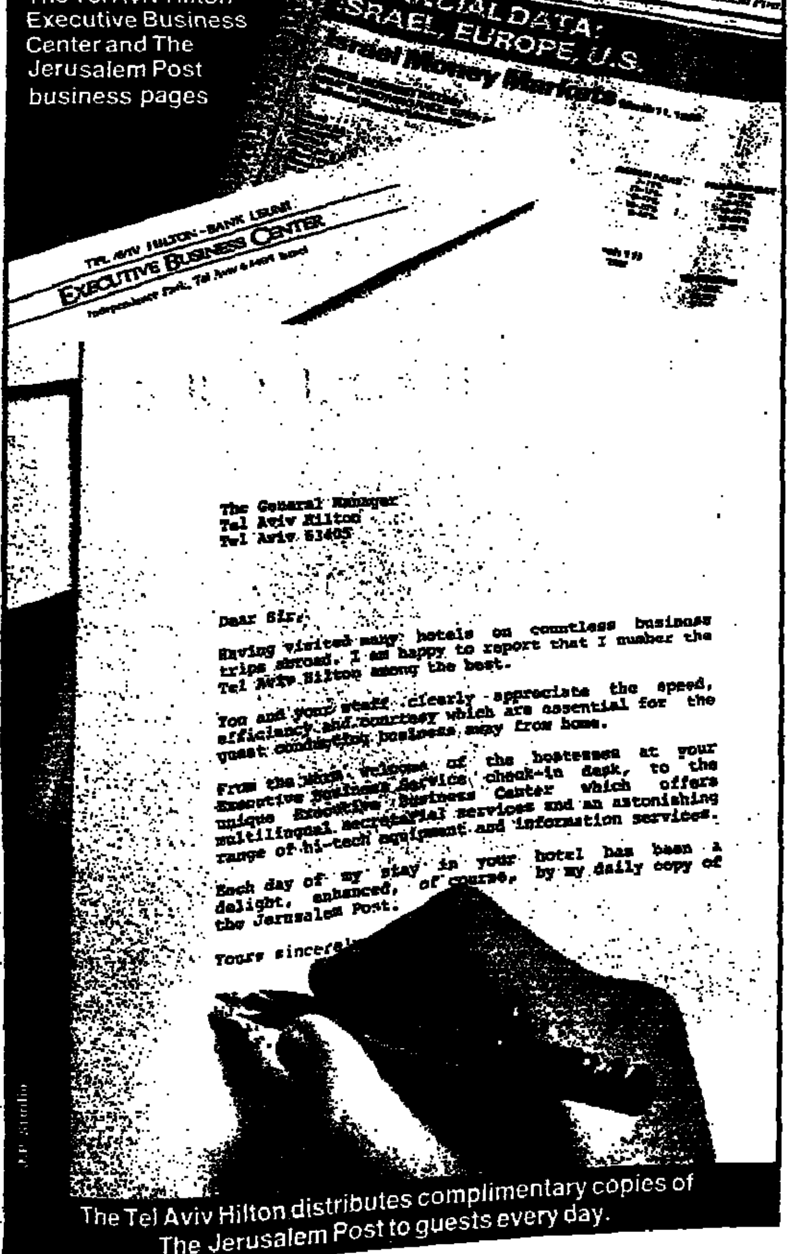
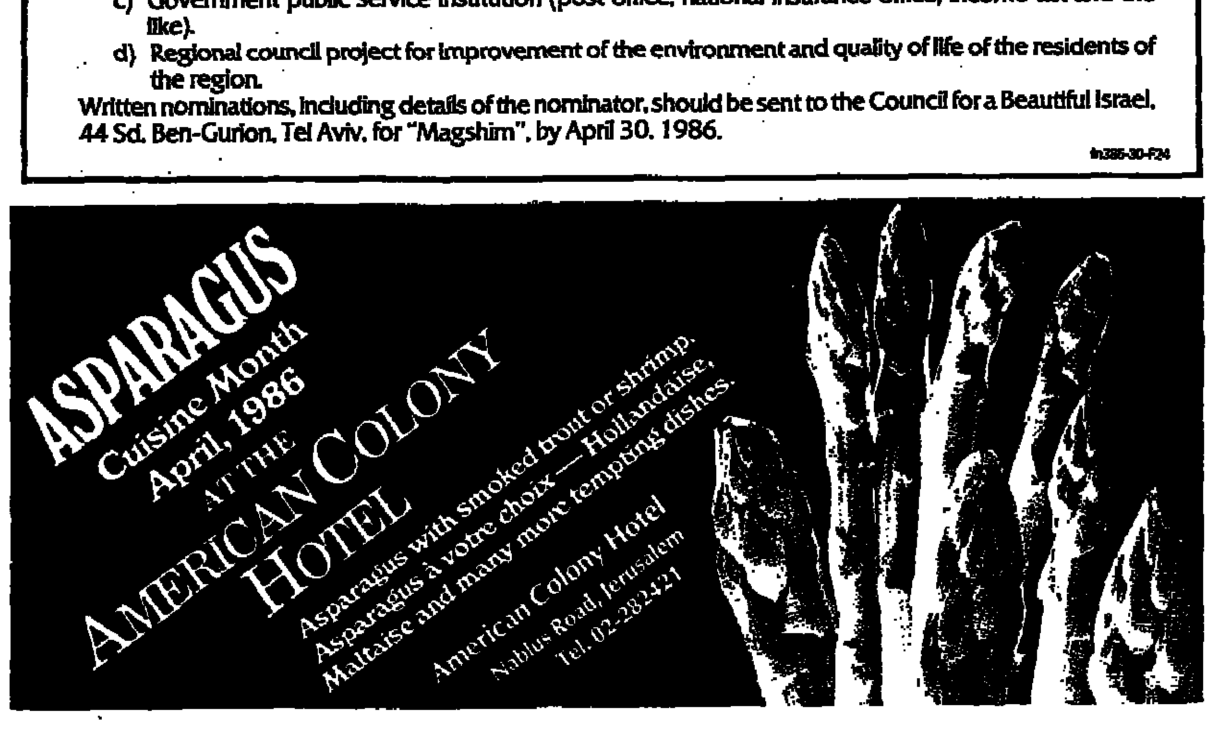
during Hol Hamoed, April 24–30,
and will reopen on May 1, 1986.



The Council for a Beautiful Israel
invites the public to nominate candidates for the
Beautiful Israel Award 1986
(Magshim Israel Yafa)
A person, a group of people or public or private bodies, whose activities have brought about positive change and beautification in the country, thereby contributing to a beautiful Israel, are eligible.
Awards will be made for:
1. **Activities of individuals:**
a) In the private or public sector, who have caused change, beautification or helped create a more inspiring environment.
b) Public servant in the field of transport, whose contribution over and above his particular function or task, have helped beautify and improve his environment.
2. **Organizations and institutions in the following areas:**
a) Educational institutions — In the areas of informal education (e.g. cultural — sports centres "matnas", youth clubs or youth movements, etc.).
b) Public institution in the field of health.
c) Government public service institution (post office, national insurance office, income tax and the like).
d) Regional council project for improvement of the environment and quality of life of the residents of the region.
Written nominations, including details of the nominator, should be sent to the Council for a Beautiful Israel, 44 Sd. Ben-Gurion, Tel Aviv, for "Magshim", by April 30, 1986.



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Open to the Public.

Solel Boneh Int'l – the wayward son

From being a good son working abroad, who dutifully sent home his earnings every month, SBI turned into a liability that contributed to the mother company's downfall. MACABEE DEAN reports, in the second of five articles.

What caused Solel Boneh's position to deteriorate to such an extent that it had to appeal for government aid? There were several reasons, but the first blow came from Solel Boneh International (SBI), which, as will be remembered, was run by its socialist owners as a fairly successful capitalist enterprise.

And the mother organization was very proud of its son – born less than three decades ago – who was competing with older and more experienced international construction companies in developing countries in Asia, Africa and South America.

For SBI shipped its profits home, and these helped the parent organization continue running its home operation on a different basis.

Thus, when its profits dropped, the parent began to feel the pinch. And the foreign profits began to drop not due to any fault of SBI, but due to the changing international scene, which sharply reduced the scope of its work.

First, the market in Iran was lost when the Shah was deposed by a fundamentalist Moslem movement led by Khomeini. Worse, other Third World countries began to reel under the worldwide recession, which forced them to cut back on centrally sponsored projects and to withhold payment for those already completed.

For example, the scope of SBI's work abroad dropped in the last few years by more than half, from $415 million in 1981 to only $200m. in 1985. But if the period since 1972 is taken as a whole, SBI carried out projects valued at some $2.5 billion abroad, and of this some $2 billion was in Nigeria alone.

During this period SBI managed to ship home net profits of about $80m. from all its customers. However, due to the financial crisis which hit Nigeria and its subsequent inability to honour its immediate debts, that country still owes $85m., more than enough to wipe out SBI's profits.

However, these funds are not "lost," SBI claims, but only frozen until Nigeria can pay. According to all reports, that country is making every effort to do so.

Events in the Third World shifted SBI's interest to the western industrialized world. At present the company is building a skyscraper in New York City, near Fordham University. SBI says this project, as well as others it plans in the U.S., will be profitable. Private contractors in Israel, who have no great love for SBI or for Solel Boneh, tend to doubt these expected profits.

It is a fact, however, that SBI can compete for work abroad, even if it only breaks even. The reason is that SBI is run as a capitalist company. Only some 200 Israelis work abroad, and they manage a workforce as large as 25,000 local persons.

When a project is finished, SBI has no compunction about dismissing its workers, good as they may be, unless another project is in the immediate offing. Within Israel, Solel Boneh would not dream of doing this, for this would run contrary to its basic principles of treating its workers as members of the family.

At present, 2,200 people are to be fired by Solel Boneh. These men do not turn up one fine day to be handed dismissal notes. Rather, long negotiations have to be initiated, based on such factors as natural attrition; early retirement on budgetary pensions for those in the 58 to 65 age group; severance pay for the others. And the severance pay will evidently be generous, much above the 100 per cent of the "rights" acquired by the workers. There are discussions whether anything above this 100 per cent should be paid in bonds, and when these bonds will become negotiable, and when they can be redeemed.

Yet another comparison should be made between SBI and its parent. Although all the following figures apply to the entire building industry, and not to Solel Boneh in particular, they probably hold true for it just as well.

According to the Productivity Institute, "product per employed person" in the building trades has dropped 0.6 per cent a year since 1974, for a total of 5.6 per cent for the ten-year period.

The reasons for this are many – lack of industrialization of the building process coupled with bad management. As a private contractor notes: conditions in Israel are terrible. It takes ten minutes to get a building licence in Houston, Texas, and eight months in Zurich, which sets a record for the West. But it takes from 18 months to seven years to get one in Israel. It takes 28 months to build a house in Israel, twice the time it takes abroad. If SBI had to work abroad under the same conditions the mother company faces in Israel, it would set a record for speed in going bankrupt.

Inspectors of the income tax and VAT departments, assisted by a strong force of police, carried out raids in the Arab villages of Kafr Kasim, Jaljoulyia and Kafr Bara Friday to collect debts. They impounded TV sets, furniture and two motor vehicles. (IPPA)

Cautious optimism for high-tech companies

By JOSEPH MORGENSTERN

There are factors today which favour an upturn in the low fortunes of Israel's high-tech industries. Some of these factors are a result of external developments. One of these is the 30 per cent rise since last September in the value of the European currencies against the dollar.

Exports to Europe are currently predictably more profitable than at any time in the past three years, the period during which the American currency achieved unheralded strength. The shekel is closely pegged to the dollar and dollar-denominated high-tech sales to American customers will be more competitive in relation to European or Japanese products. Japanese high-tech exporters to the U.S., or to Israel for that matter, are beginning to feel the negative impact of the strength of the Japanese currency, which has risen sharply against the dollar in the past 15 months. For the Japanese profit margins are shrinking and competition is increasing.

The Free Trade Area agreement (FTA) between the U.S. and Israel is more than just arousing curiosity in local business circles. In 1985 Israeli exports to the U.S. increased by more than 30 per cent. While the FTA is no path strewn with roses, the trend is clearly upward for Israeli high-tech exporters.

The very real pressures and the harsh economic realities of the Israel of 1985 have considerably lessened. ECI Telecom, world leader in one aspect of telecommunication technology, had a rough year in 1985. The company suffered losses of more than $3 million. Manny Olswang, ECI's chief financial officer, has said that $600,000 is the exact toll taken from profits and traceable directly to the government's economic stabilization programme.

The outlook for a return to profitability in 1986 is enhanced by the company's share in supplying its products to the first transatlantic fibre-optic telecommunications cable.

While wages in general have been drastically cut in many areas of the economy, this is not the case in the high-tech sector. A limited supply of highly skilled personnel has resulted in keen competition to keep them on the job. "If you have them and if you want to keep them, you pay higher wages, the wage freeze notwithstanding," reports one corporate manager, who prefers not to be mentioned by name.

Investment capital is still not available locally in any meaningful amount. Yet when opportunities arise, investors do come forward. Prof. Yehoshua Manor, president of Elpack 2000, reports that his company raised $700,000 in a private financing offer last year. It was subscribed to by local investors, primarily acountants and lawyers. Elpack is viewed by Dr. Eddie Mlavsky, the Bird-Foundation's general manager, as having considerable potential.

While the clouds of gloom cannot be said to have fully dispelled, it still seems that this year will see improved results for the high-tech sector. Internal and external factors should make it the year of the "rebound."

Reflating the economy

By DAVID RUDGE
Jerusalem Post Reporter

HAIFA. – Now is the time to begin the process of reflating the economy in specific localities, according to Kiryat Motzkin mayor Simcha Miller.

The recession-hit bayside suburbs, where rising unemployment is creating a serious social problem, is a prime example of a region in need of a planned programme of economic growth, he said.

Miller spoke to reporters this week as he unveiled an emergency aid plan aimed at alleviating unemployment in the area and putting industry on the right track for the future.

His programme advocates the establishment of an urban railway network, high-tech industrial park, vocational training college, recreation and tourism development and the formation of a "Save the Zevulun Valley" fund.

The urban railway, to link bayside townships with the existing Haifa to Nahariya line, has been proposed many times in the past, but was always deferred due to lack of funds.

According to Miller's estimates, the project would cost about $7 million, but would be money well spent. A reliable and regular transport system would encourage new firms to set up shop in the region.

The establishment of a development status science-based industries complex, similar to one on the western outskirts of Haifa, would further enhance job prospects.

Miller stressed that there is no shortage of land in the bayside suburbs which could be designated for use as a high-tech and light-industry park.

His proposal to utilize the coastline between Kiryat Haim and Acre for recreational and tourism attractions, including the development of hotels and sports facilities, would also need the approval and backing of government agencies.

Miller, who says he has the support of all the bayside townships for his proposals, has submitted the programme to Premier Shimon Peres, the economic ministers and local organisations, including the Haifa Labour Council and the Chamber of Commerce and Industry.

Tourism faces shaky future

By GREER FAY CASHMAN

The future of tourism, both outgoing and incoming, is riddled with uncertainty. Senior executives of the Natour travel agency admitted to reporters last week that they were unable to make projections for the new season, let alone the year as a whole.

The company will be satisfied if it achieves the same volume of business as it did last year, a bad year for Natour, with outgoing traffic nosediving to 20,000 travellers, a 50 per cent drop on 1984.

If Natour's statistics reflect the general trend, it seems that most Israelis will stay at home this summer.

All tour operators lost out in credibility in last year's price war. Those who survived, according to Caspi, will have to work harder to maintain their share of the market.

Caspi said that tourists can insure themselves against financial loss caused by cancellation of tours by paying a $25 premium.

Because the tourism industry is in the doldrums, Natour has been forced to trim its prices. General Manager Yoel Levinstein and his deputy, Meir Caspi, emphasized that the quality of the tour packages would not be affected by the reduced prices, which in the past had been higher than those of other tour operators.

Pessah tours and trips which Natour has organized to the Far East, Europe and the U.S. have attracted only 250 participants.

Last-minute efforts to prop up tottering Frutarom

By DAVID RUDGE

HAIFA. – Efforts continued last night to prevent the collapse of the financially troubled Frutarom electrochemical firm.

The company's board of directors held an emergency meeting in Tel Aviv to consider ways of solving the crisis.

Meanwhile, a joint committee of experts from the Treasury and the Industry and Trade Ministry has been established and charged with finding a solution as quickly as possible.

Members of the special team visited the plant near Acre yesterday and held lengthy talks with management. Industry and Trade Minister Ariel Sharon is scheduled to visit the complex tomorrow.

Production at the factory has been at a standstill since the oil refineries stopped supplying ethylene to the plant last week because of debts totalling nearly $2 million.

Leave notices have been sent to the majority of the firm's 530 employees, but the works committees are opposing the move.

About 300 of the workers intend to stage a demonstration outside the Industry and Trade Ministry in Jerusalem today.

The Acre Labour Council, which supports the workers, announced yesterday it would call a one-day strike of all factories and public institutions in the area after Pessah, unless a solution is found beforehand.

The council and the workers blame the government for the crisis. They maintain that the government has not fulfilled its obligations under the terms of a recovery programme agreed on last November.

The programme involves rescheduling Frutarom's loan debts of $45m. to ease the burden of repayments.

The Industry Ministry countered that the workers had not kept their side of the bargain, refusing to give up a 5 per cent pay rise the firm could not afford to pay, while Frutarom's shareholders had not yet injected $1.6m. into the firm as promised under the recovery programme.

The signs were yesterday, however, that despite the recriminations a way would be found to solve the immediate financial problems of the firm.

LABOUR BRIEFS

By TSIPI KUPER

THE WORKPLACE is becoming safer – at least in some parts of the world. There were fewer work-related accidents and fewer lives lost in 70 countries, according to a survey carried out by the International Labour Organization.

Since 1980 the number of fatalities has dropped by 14 per cent in the developed countries and by about 2 per cent in the industrialized countries. Manufacturing and construction were the most dangerous sectors, accounting for about half of all fatal accidents.

More than ten million workers were involved in work accidents in a year, and 28,500 people died on the job. Work safety in this country has also improved over the past five years. There were about 90,000 work-related accidents in 1980, while 60,000 were recorded last year, according to Labour and Social Affairs Ministry figures.

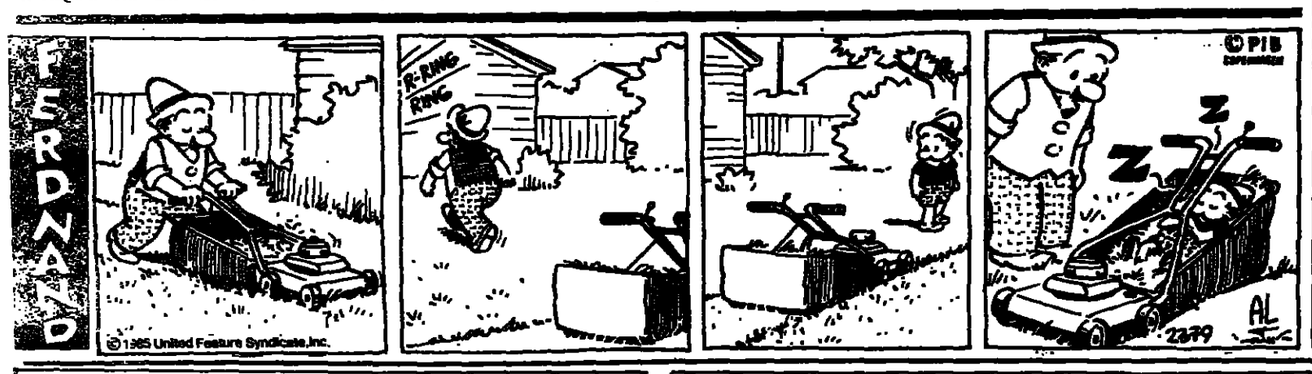
YEROHAM'S recent eight-day strike proved that those who shout the loudest get the most. The head of the development town's local council, Baruch Elmakais told *The Jerusalem Post* that 15 Yehoham residents had already started work at the Dead Sea Works and that an additional 35 workers would be taken on there shortly.

BLIND PEOPLE from the Arab village of Tion now find employment in agriculture under an innovative rehabilitation programme. Forty-five persons now work in the cucumber hothouses, according to Hassan Aru Afif, of the Tira rehabilitation programme who spoke to participants at last week's conference of social workers in Jerusalem.

With help from an agricultural guide, the blind are able to carry out almost the entire work process, from planting to harvesting.

THE NUMBER of workers from Judea and Samaria employed within the Green Line declined slightly last year. An average of 47,000 people worked each week within the Green Line during 1985, compared to about 50,000 during the preceding year. The number of workers from the Gaza Strip grew from 41,000 weekly in 1984 to 42,000 last year.

The workforce in Judea, Samaria and the Gaza Strip reached 251,000 weekly last year, a two per cent rise from 1984.



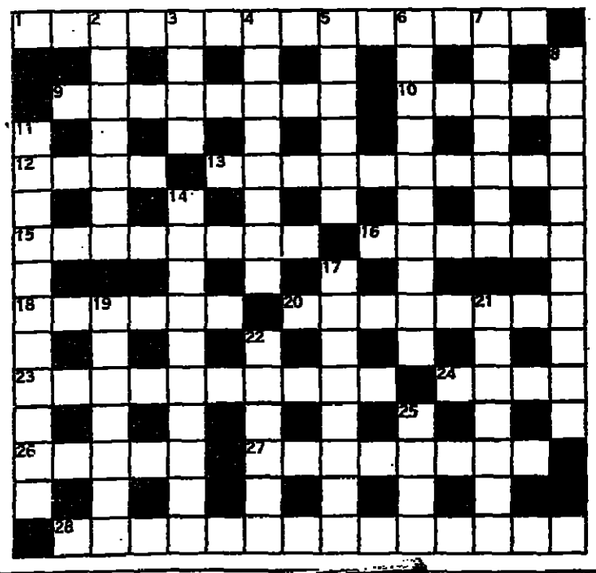
ONE-ON-ONE CROSSWORD

ACROSS

1 Kurd's high title, perhaps, for his confection (7,7)
9 Light bands left on to look ghostly (8)
10 One does not believe there is silver in gold-miner's dish (5)
12 Moslem ruler sent back Coleridge's work (4)
13 Tear—i.e. blot out? (10)
15 Sergeant, for instance, follows sweetheart in gypsy dance (8)
16 In clubs, he needs one hand only to play (6)
18 Colourful band fit for use on street (6)
20 Evidence of malnutrition here—try double helping of 24, spread (8)
23 Saw that can be grasped? (10)
24 Rail organisation that is showing fare from France (4)
26 Precise former turn (5)
27 Picture in three parts—PC 30 written out? (8)
28 Centre of gravity producing such depression of spirits (5-9)

DOWN

2 Caliper broken? Get a duplicate (7)
3 Fashionable cheer-leaders in Scottish island (4)
4 'The Tortoise Book', for example? (8)
5 Cake that goes like lightning in France? (6)
6 I'm collecting rotten pears near Rio for a showman (10)
7 Difficult to take in new gag that is pinched (7)
8 Rent Aintree with licence to show Archie Rice, for example (11)
11 Confident of own worth, having personal life-policy? (4-7)
14 Hospital equipment for air porters move about? (10)
17 Flower displayed by matador (8)
19 Branch out in A1 trade explosion (7)
21 Trouble in the labyrinth? (7)
22 Least scrap of clothing can hinder the runner (6)
25 Small case of pins and needles (4)



GENERAL ASSISTANCE

EMERGENCY PHARMACIES

Jerusalem: Edison, 10 Yeshayahu, 232553. Balsam, Salah Eddin, 272315. Shu'afat, Shu'afat Road, 810108. Dar Aldawa, Herod's Gate, 282058.
Tel Aviv: Bass, 66 Frishman, 237326. Kupat Holim Meuhedet, 15 Sprinzak, 265200.
Netanya: Kupat Holim Leumit, 9 Smilansky, 38053.
Haifa: Yavne, 7 Ibn Sina, 672288.

DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatrics), Hadassah Ein Kerem (internal, surgery, orthopedics, E.N.T.), Misgav Ladach (obstetrics), Shaare Zedek (ophthalmology).
Tel Aviv: Rokah (pediatrics, internal, surgery).
Netanya: Laniado.

FIRST AID

Magen David Adom emergency phone numbers (round the clock service).

Ashdod 41333	Jerusalem *523133
Ashkelon 23333	Kiron 344442
Bat Yam *5511111	Kiryat Shmona *44334
Beersheba 74767	Nahariya *923333
Carmiel *988555	Netanya *23333
Dan Region *781111	Petah Tikva *9231111
Eilat 7233	Rehovot *451333
Hadera 22333	Rishon LeZion 942333
Haifa *512233	Safed 30333
Hatzor 36333	Tel Aviv *240111
Holon 803133	Tiberias *90111

Mobile Intensive Care Unit (MICU) service in the area around the clock.
101 Emergency phone number in most areas.

"Eran" – Mental Health First Aid, Tel: Jerusalem 227171, Tel Aviv 261111/2, Haifa 672222, Beersheba 418111, Netanya 35316.

Rape Crisis Centre (24 hours), for help call Tel Aviv, 234819, Jerusalem – 245554, and Haifa 88791.

Jerusalem Institute for Drug Problems. Tel. 663828, 663902, 14 Bethlehem Rd.

The National Poison Control Centre at Rambam Hospital, phone (04)529205, for emergency calls, 24 hours a day, for information in case of poisoning.

Kupat Holim Information Centre Tel. 03-433300, 433500 Sunday-Thursday, 8 a.m. to 8 p.m. Fridays 8 a.m. to 3 p.m.

Tel Aviv: Dental Association clinic 49 Rehov Bar-Kochba, Friday: 6 p.m. to midnight; Saturday: 10 a.m. to 2 p.m.: 8 p.m. to 10 p.m. Tel. 03-284649.

Dental Clinic, 25 Rehov Ahlmeir, Ramat Aviv Gimmel, Shabbat and holidays: 6 p.m. – 10 p.m. Weekday evenings: 4.30 – 10, Tel. 03-425832.

POLICE

Dial 100 in most parts of the country. In Tiberias dial 924444, Kiryat Shmona 4444.

FLIGHTS

24-Hours Flight Information Service: Call 03-9712484 (multi-line). Arrivals Only (Taped Message) 03-381111 (20 lines)

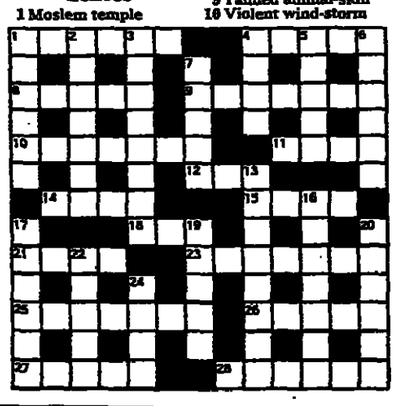
QUICK CROSSWORD

ACROSS

1 Moslem temple
4 Capital of Ecuador
8 Greek letter
9 Tanned animal-skin
10 Violent wind-storm
11 Rainbow
12 Habitual joker
14 Freshwater fish
15 Unsightly
16 Vital juice
21 At a former time
23 Able to be heard
25 Large house
26 Eminent
27 Wooden part of gum
28 Nerve-cell

DOWN

1 Powerful
2 Japanese warrior caste
3 Unexpectedly, off guard
4 Wharf
5 Fluid in veins of gods
6 Forceful forward flow
7 Arm-joint
13 Leadership
16 Crustacean
17 Universe
19 Pigment
20 Benumb
22 River of Africa
24 Long dagger



CLASSIFIEDS

appear on Mondays, Wednesdays and Fridays.
MONDAY/WEDNESDAY RATES: Minimum of NIS 12.88 for 8 words; each additional word NIS 1.61
FRIDAY and HOLIDAY EVE RATES: Minimum of NIS 17.52 for 8 words; each additional word NIS 2.19. All rates include VAT. **DEADLINES** at our offices – Jerusalem: Monday/Wednesday – 10 a.m. previous day, Friday – 5 p.m. on Wednesday; Tel Aviv and Haifa: 12 noon, 2 days before publication. Ads accepted at offices of *The Jerusalem Post* (see masthead on back page) and all recognized advertising agencies.

BOOKS

HAGGADAHS: GOLDEN, DARMSTADT, Birdshead (facsimile); Amsterdam, Boussdan. Tel. 02-664532.

DWELLINGS

JERUSALEM

COMPLETELY FURNISHED apartment, livingroom, bedroom, studio, immediate, professional. Tel. 02-233612.

BEAUTIFUL, LUXURIOUS, garden apartment, 5½ rooms, Beit Hakerem, $189,000. Tel. 02-531920.

MISCELLANEOUS

BA'ALEI TESHUVA interested in participating in Seder, contact 02-423547.

TEL AVIV

TOURISTS! BEAUTIFUL vacation flat, long/short term. Tel. 03-235529.

NORTH TEL AVIV apartment rentals. Contact specialists. "Inter-Israel" Tel. 03-294141.

CANADIAN INTERCONTINENTAL knows the housing standards you expect. Tel. 03-286222, Maidan.

PURCHASE/SALE

KAWAI PIANO; stereo system; Westinghouse A.C., Philips radiator. Tel. 02-818204.

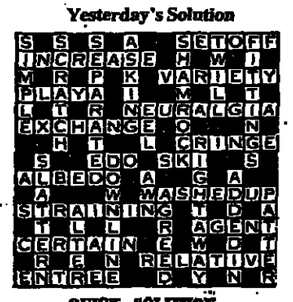
SITUATIONS VACANT

REQUIRED MOTHER'S HELP in Tel Aviv, mother tongue English, near Mann Auditorium. Good conditions. Call 03-257275 after 7:00 p.m.

CATERING

DELICIOUS! TOP CLASS food services and catering. Glatt kosher. Tel. 08-492296, 03-782296.

Yesterday's Solution



QUICK SOLUTION

ACROSS: 1 Grate, 4 Thyme, 10 Almanac, 11 Tense, 12 Lunge, 13 Alleged, 15 Nape, 17 Prate, 19 Abort, 22 Ride, 25 Neutron, 27 Resin, 29 Raise, 30 Prefect, 31 Jewel, 32 Skill. DOWN: 1 Roman, 2 Tangent, 3 Hotel, 6 Manager, 7 Tails, 8 Scrap, 9 Weedy, 14 Lead, 16 Aero, 18 Routine, 20 Berserk, 21 Snare, 23 Inept, 24 Unite, 26 Reeve, 28 Spell.

בס"ד
Nissan 5746

Remember This Widow and These Orphans as You Sit Down to Your Festive Seder Table!

A young married yeshiva student has passed away in the prime of life, leaving a widow and orphans — several of them small children — in a completely destitute state. They have no source of income to fall back on — may the Almighty have mercy on them.

The holy festival is approaching and preparations are at their height. Please, pause to think for a moment and come to their assistance, so that they too may celebrate the festival, at least in minimal fashion. Help gladden the broken hearts of these unfortunates. Abide by the ways of the Almighty, who gladdens the heart of the widow. As Maimonides said: "And when he sits down to partake of food and drink, he is obligated to feed the ger, the widow and the orphaned, and all other unfortunates."

Meritorious indeed is this act of gracious charity, an act which will stand its doers in good stead, keep them from all evil, and bring them the blessings of good health, long life, and a happy, kosher Pessah.

This appeal is supported by the Chief Rabbis of Israel, and **Rabbi Auerbach, Rabbi Eliashav, Rabbi Wosner, Rabbi Kanyevski, שליט"א**

Contributions can be passed to the following, marked "Widow and Orphans":

1) **Rabbi Avigdor Nebenzahl,** Old City, P.O.B. 5422, Jerusalem.
2) **Rabbi Moshe Weber,** Batei Ungarn, P.O.B. 5706, Jerusalem.
3) **Rabbi Zvi Oberlander,** 7 Reh. Saadya Gaon, Bnei Brak.
4) **Rabbi Moshe Weinberg** (Municipal Councillor), 16 Reh. Shimon Hatzadik, Bnei Brak.
5) Committee for Aiding the Family, P.O.B. 16324, Jerusalem.
6) Account 155185, Bank Hapoalim, Mea Shearim Branch (533).

Contributions can be paid into this account at any bank.

هكذا من الأصل

How the system created itself

At this point it should be made clear that the regulation of the bank shares could not have developed to the dimensions that it eventually assumed without the Bank of Israel and the examiner of banks standing passively on the sidelines, thus making it easy for the banks to engage almost freely in the regulation.

Two conclusions stand out in this chapter:

The first is that at least since 1978, the Bank of Israel was aware of the regulation and its negative implications for the bank's monetary policy, the capital market, the investors and the banks themselves....

The second conclusion is that, during the entire period, the Bank of Israel did not take concrete action to eliminate the phenomenon. It did not exercise its legal powers vis à vis the banks; it did not impose effective supervision; it did not activate other authorities to plan jointly to end the regulation; it did not make plans to deal with a crisis should it erupt.

The information in the Bank of Israel's possession about share-price regulation during all the relevant periods had to lead to the conclusion that the almost certain outcome of the regulation would be a crisis. By all considered opinion, putting off a solution to the problem could only make it worse, and such delaying tactics would certainly not be able to stave off a crisis altogether. Indeed, the opposite was true: procrastination only increased the danger and the magnitude of the crisis, and its accompanying fallout.

Such developments had been foreseen in the reports and research of the Bank of Israel's experts, which contained explicit warnings to this effect. Moreover, the evidence at our disposal indicates that when the warning lights went on in the Bank of Israel in 1978, it was still possible to stop bank-share regulation with minimal damage to the economy ...Even after hearing the explanations of [then governor Arnon] Gafni and Examiner of Banks [Oded] Messer as to why they did not use their full powers at this initial stage to stop the regulation, we are not convinced that action taken then would have posed a real threat to the capital market and to the stability of the banks.

If their actions were indeed dictated by a deep concern for moving on their own to stop the regulation, then they should have sounded the alarm to the minister of finance or even to the entire cabinet in order to take joint action to solve the problem.

The appointment of Moshe Mandelbaum as governor [of the Bank of Israel] did not lead to any change in the position of the bank. His predecessor Gafni had no inclination to deal with the regulation, even though he did discuss it with the bank's experts. But from the testimony we have heard, it appears that Mandelbaum refused even to discuss the matter.

In preparing the bank's annual reports, Mandelbaum requested that those who wrote the various sections not present the issues bound up with the regulation as they saw it – that is, as a serious problem that should have been reflected in the report. His stance led to fairly serious clashes. We are aware that at least two of those who testified (Mordechai Frankel and Yair Plessner) were openly at odds with Mandelbaum on this matter (and it appears, on others as well). With all the caution required in weighing this matter, we still have no reason to cast doubt on their testimony.

Another area of negligence by the Bank of Israel concerns the foreign currency used by the banks, by means of their overseas affiliates, in their share-price regulation.

Treasury's claims 'absurd'

The heads of the Treasury did not act during these years to fulfil their basic duties connected with the regulation of share prices. Two ministers of finance, two directors-general and the person appointed to oversee the capital market stood by as the effects of share-price regulation on the economy worsened and when the danger of a stock market collapse became a real growing threat. The claims made by the heads of the Treasury that they did not become aware of the severity of the problem until the end of 1981 because "it was not brought to their attention," does not seem plausible to us. It cannot absolve them of responsibility, since the banks' policy of regulating share prices was known and its effect was apparent long before. The person in the commanding position in the economic system is charged with keeping watch over developments, impinging on the economy and determining its fate. Moreover, we do not accept finance minister Aridor's contention that in the absence of agreement by the banks, he could not act on regulation, lest he cause a crisis...

Postponing dealing with the matter until October 1983, when circumstances made it unavoidable, made the price of doing so much much higher.

The claims put before us by the Treasury [relating to the terms of two ministers, Hurvitz and Aridor] lead to total absurdity. In the first period, finance minister Hurvitz claimed that he wasn't aware of the severity of the situation and therefore did not deal with it. On the other hand, the person responsible for the capital market at the Treasury claimed that at that time there was no need for the Treasury to deal with the matter. In the next period, it is claimed that there was awareness of regulation... [but] that the problem was so severe that the Treasury could no longer deal with it. In other words, at the beginning the problem was too petty to be dealt with by the Treasury, and in several months it became so weighty it surpassed the Treasury's ability to cope with it. So nothing was done, early or late.

We have already said that, in view of the data brought before the heads of the Treasury in 1981, they should have understood that the continuing regulation of bank shares would lead to a crisis, and that the chances of this happening were becoming greater as time went on. Under these circumstances, the Treasury could have been expected at least to prepare a suitable plan in advance of a crisis. But it did not. When the crisis broke, the Treasury had no plan to deal with it. Furthermore, no data had been collected at the Treasury, which warned of an imminent crisis.

Thus, under the pressure of circumstances, an arrangement was made whereby the government took upon itself to pay the highest price without being in possession of all the data connected to the matter and without alternative plans prepared in advance.

FRUTAROM. – The Acre Labour Council plans to bring the whole of the town out on strike after the Pessah holiday if a solution is not found to the debt-plagued Frutarom company.

How banks financed the 'regulation'

From the beginning of the process of share-price regulation – and afterwards, with various respites – the banks were under severe pressure to purchase shares being sold off.

This required significant financial resources.... Finding external sources of money to help in these purchases, to create demand and to buy up new issues, was made necessary for them by the proccess itself. In order to accomplish this, the [banks] exploited the methods and influence available to them. They took advantage [for example] of their standing in the credit field to further their goals... It is important to note that credit was but one element – albeit an important one – in the wide-ranging campaign that caused large amounts of money to be funnelled into the purchase of bank paper. The prices of these issues were boosted far above their market value, and the more they were boosted, the more severe the crisis became after the regulation of prices stopped.

B. From the vast amount of material we accumulated, it is clear that most of the banks not only regulated their own shares, but also intervened to influence the prices of other shares that were connected with their banks. We are willing to concede that it is virtually certain that there is nothing comparable to the scope, period, or amounts of money involved in the regulation of the bank shares. But propping up other shares also required financing. The evidence before us contains sufficient indications that these funds also came from the banks' own resources. This additional involvement also had the potential to undermine the stability of the banks in the event of a drop in share prices caused by a crisis in the capital market.

C. The fact that the regulation [of share prices] was financed mainly by the banks or through them raises a troublesome question for which we have not found an answer. How is it possible that a financial burden of hundreds of millions of dollars escaped the attention of the various supervisory bodies, primarily the Bank of Israel and the examiner of banks? The burden of financing the regulation could have undermined the banks' stability, but we did not find that the authorities took this aspect of the [share-price] regulation into account.

D. Another aspect of the regulation is reflected in the banks' balance sheets.... The balance sheets did not indicate that the banks had guaranteed or were in some other way responsible for the loans taken out by the regulated companies. This evasion of their obligation to disclose these and other activities in their financial statements is but one aspect of their deliberate policy of concealing anything to do with the regulation.

Tel Aviv Stock Exchange

MARKET STATISTICS

Indices:

General Share Index	110.90	–0.79%
Non-Bank Index	126.43	–0.33%
Arrangement	104.02	–1.04%
Insurance	148.00	–0.92%
Commerce, Services	138.27	–1.59%
Real Estate	152.76	–1.05%
Industrials	119.99	+0.30%
Textiles	141.13	–1.41%
Metals	108.91	–3.02%
Electronics	107.13	+4.82%
Chemicals	102.94	–0.65%
Industrial Invst.	120.05	–0.17%
Investment Cos.	—	—
General Bond Index	104.01	+0.05%
Index-linked Bonds	104.21	+0.11%
Fully-linked	-105.84	+0.01%
Partially-linked	103.13	+0.20%
Dollar-linked Bonds	—	—
Short-term 0-2 yrs	102.94	+0.04%
Medium-term 2-5 yrs	103.54	+0.09%
Long-term 5+ yrs	103.35	–0.09%

Turnovers:

Shares – total	NIS	7,680,800
Arrangement	NIS	3,111,300
Non-bank	NIS	4,769,500
Bonds – total	NIS	6,169,900
Index-linked	NIS	3,383,300
Dollar-linked	NIS	2,786,400
Treasury Bills	NIS	89,000

Share Movements:

Advances	82	(—)
of which 5%+	11	(—)
"buyers only"	6	(—)
Declines	219	(—)
of which 5%	38	(—)
"sellers only"	10	(—)
Unchanged	83	(—)
Trading Halt	54	(—)

Bond Market Trends:

Index-linked	
3% fully-linked	Falls to 1.1%
4.25% fully-linked	Stable/falls to 1.1%
80% linked	Stable
90% linked	Stable
Double-linked	Falls to 3%
Dollar-linked:	
Admon	Mixed
Rimon	Falls to 1.5%
Gilboa	Falls to 1.1%
For. Curr. denominated	Falls to 1.1%
Treasury Bills (monthly yield)	1.35% – 1.56%

Arrangement yields:

IDB ord.	12.62%
Union 0.1	12.32%
Discount A	12.44%
Mizrahi r.	12.57%
Hapoalim r.	12.53%
General A	12.32%
Leumi stock	12.57%
Fin. Trade 1	11.33%

SELECTED PRICE QUOTATIONS

Name	Price	Volume '000NIS	% change
Commercial Banks			
(not part of "arrangement")			
Maritime 1	1155	2266	–3.8
General non-arr.	29300	102	+0.3
First In 'l	no trading		
FIBI	no trading		
Commercial Banks			
(part of "arrangement")			
IDB r	79100	505	–0.9
Union 0.1	59250	25	–0.9
Discount	101370	158	–1.5
Mizrahi	32580	1591	–1.8
Hapoalim r	53830	1432	–0.7
General A	138250	14	–1.2
Leumi 0.1	34180	2751	–1.2
Fin. Trade	46640	–	–
Mortgage Banks			
Leumi Mort. r	3950	50	–
Dev. Mort.	no trading		
Mishkan r	no trading		
Tefahot r	10900	44	–6.0
Merav r	no trading		
Financial Institutions			
Agric C	36200	4	+0.6
Ind. Dev. DD	no trading		
Cial Leasing 0.1	9299	35	–1.1
Insurance			
Ararat 0.1 r	840	539	–2.4
Hassneh r	480	18000	–0.6
Phoenix 0.1	1379	1177	–1.1
Hamishmar	6600	9	–0.8
Menorah 1	7885	s.o.1	+5.0
Saharr	4500	239	+1.0
Zion Hold. 1	15500	4	–3.7
Trade & Services			
Meir Ezra	4350	72.	–
Supersol 2	4370	555	–
Delek r	5030	3312	–3.3
Lighterage	9250	141	–0.5
Cold Storage	no trading		
Dan Hotels	3992	125	–0.4
Yarden Hotel	2951	126	–4.8
Hilon 1	12445	6	+5.3
Team 1	1880	231	–1.3
Real Estate, Building and Agriculture			
Azorim	4740	1226	–1.3
Eilon	380	2879	–5.0
Africa Isr. 0.1	33300	180	–1.5
Danker	3714	173	+4.2
Prop. & Bldg.	2486	1742	–
Bayside 0.1	3870	286	–
ILDC r	41801	149	+0.0
Rassco r	4700	35	–13.3
Mehadrin	5700	560	–0.9
Hadarim	1031	1694	–
Industrials			
Dubek b	3220	440	–2.4
Pri-Ze 1	2358	420	–
Sunfrost	6800	190	–2.9
Elite	13200	67	–1.5
Adgar	692	1229	–5.2
Argaman r	9440	360	–1.0
Delta G 1	4180	313	–2.7
Maquette 1	20100	30	+3.6
Eagle 1	10990	32	–
Polgat 0.1	8450	115	–0.6
Schoellerina	12320	120	–1.2
Rogosin	2914	239	+3.0
Urdan 0.1 r	8560	52	–1.6
Is. Can Co. 1	940	1521	–3.6
Zion Cables	1990	875	–9.1
Pecker Steel	6020	1643	+4.3
Elbit 3 r	457000	81	+10.0
Elron	403000	25	+4.4
Arit	31600	355	–
Cial Electronics	2730	3867	–
Spectronix 1	1710	480	–2.7
T.A.T. 1	3400	180	–
Ackerstein 1	1480	225	–5.3
Agan 5	no trading		
Alliance	1150	9	–4.2
Dexter	3060	162	–4.4
Fertilisers	4700	144	–
Haifa Chem.	857	2965	–0.3
Teva r	54600	79	–0.2
Dead Sea r	14270	420	–1.2
Petrochem.	461	11976	–
Neca Chem.	3200	107	–7.2
Frutarom	no trading		
Hadera Paper	175900	32	–
Central Trade	5850	183	–
Koor p	5100000	–	–
Cial Inds.	1244	11009	–
Investment Companies			
IDB Dev. r	3515	1933	–
Ellern	2450	1243	–3.9
Afik 1	no trading		
Gahelet	1310	–	–
Israel Corp. 1	5960	431	–0.3
Wolfson 1 r	115500	2	–0.9
Hapoalim Inv.	3800	1149	+1.7
Leumi Invest.	3820	207	–4.5
Discount Invest.	1995	2354	+1.8
Mizrahi Invest.	14877	150	–6.0
Cial 10	1991	1467	+0.1
Landeco 0.1	7797	32	+0.4
Pama 0.1	8479	59	+0.1
Oil Exploration			
Paz Oil Expl.	12300	188	–2.4
J.O.E.L.	1293	1478	–5.1

Abbreviations:
s.o. sellers only
b.o. buyers only
b bearer
r registered

IPL

INTERPHARM LABORATORIES LTD.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the shareholders of the company will be held at the Intercontinental Barclay Hotel in New York, N.Y., U.S.A. on Thursday, May 8, 1986 at 10 a.m. (New York time).

ON THE AGENDA:

1. Reporting on the business of the company for the fiscal year ended December 31, 1985 and receiving and considering the Company's Balance Sheet at December 31, 1985 and the Statement of Operations for the fiscal year then ended.
2. Electing a Board of Directors of six members to serve until the next annual General Meeting of shareholdes or until their respective successors are duly elected and shall qualify.
3. Appointing Kesselman and Kesselman as the independent public accountants of the Company for the fiscal year ending December 31, 1986.
4. Acting upon any other matters which may properly come before the meeting or any adjournments thereof.

Shareholders entitled to participate at the meeting are those who were registered as such in the Company's Book of Records as of April 8, 1986.

Shareholders entitled to attend and vote at the meeting are entitled to appoint a proxy. The instrument appointing a proxy must be deposited with the American Stock Transfer Company, 99 Wall Street, New York, by May 6, 1986.

DENIS MYLONAS
Secretary

INTERPHARM LABORATORIES LTD. KIRYAT WEIZMANN, NESS ZIONA 76110

TAN ADV.

FINANCIAL DATA: ISRAEL, EUROPE, U.S.

Israel Money Markets April 20, 1986

SHEKEL INTEREST RATES
PRIME BORROWING RATE: 1.25% per month
Unlinked Deposit (Annual Rates)

	LAST UPDATED	TAPAS	PAKAM 7-DAY	PAKAM 30-DAY
LEUMI	20.4	8–14.25%	8–14.75%	9–14.50%
HAPOALIM	13.3	10–12%	11–12%	12–12.5%
DISCOUNT	9.4	7–13%	7–13%	9–14%
MIZRAHI	6.4	6–13%	6–14%	6–16%
FIRST INT'L	12.3	6–13%	7–13%	6–13%

Rates vary according to size of deposit.
(Tapas: demand deposit paying daily interest.
Pakam: fixed-term deposit available from 7 to 59 days.)

PATAH — FOREIGN CURRENCY DEPOSIT RATES (as of April 20)

	3-MONTHS	6-MONTHS	12-MONTHS
USD	5.875	5.875	5.875
STG	9.250	8.625	8.500
DMK	3.750	3.750	3.750
SFR	3.625	3.500	3.375
YEN	3.125	3.000	3.000

Rates vary according to size of deposit and are subject to change.

SHEKEL FOREIGN EXCHANGE RATES

COUNTRY	CURRENCY		CHEQUES AND TRANSACTIONS Purchase,	Sale	BANKNOTES Purchase,	Sale	BANK OF ISRAEL Representative Rates
U.S.A.	DOLLAR	1	1.4664	1.4846	1.44	1.51	1.4846
GREAT BRITAIN	STERLING	1	2.2149	2.2426	2.18	2.28	2.2500
GERMANY	MARK	1	0.6554	0.6685	0.64	0.67	0.6684
FRANCE	FRANC	1	0.2059	0.2084	0.20	0.21	0.2101
HOLLAND	GULDEN	1	0.5823	0.5896	0.57	0.60	0.5941
SWITZERLAND	FRANC	1	0.7850	0.7948	0.71	0.81	0.7963
SWEDEN	KRONA	1	0.2044	0.2070	0.20	0.21	0.2077
NORWAY	KRONE	1	0.2072	0.2098	0.20	0.21	0.2106
DENMARK	KRONE	1	0.1782	0.1805	0.17	0.18	0.1812
FINLAND	MARK	1	0.2895	0.2931	0.28	0.30	0.2951
CANADA	DOLLAR	1	1.0543	1.0675	1.03	1.08	1.0706
AUSTRALIA	DOLLAR	1	1.0523	1.0655	1.02	1.09	1.0640
SOUTH AFRICA	RAND	1	0.7385	0.7426	0.44	0.74	0.7434
BELGIUM	FRANC	10	0.3225	0.3265	0.31	0.33	0.3273
AUSTRIA	SCHILLING	10	0.9343	0.9459	0.92	0.96	0.9515
ITALY	LIRE	1000	0.9561	0.9681	0.94	1.00	0.9741
JAPAN	YEN	100	0.8367	0.8472	0.82	0.86	0.8450
JORDAN	DINAR	1	—	—	3.03	4.21	—
EGYPT	POUND	1	—	—	0.79	0.84	—

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European Financial Markets

Precious Metals

GOLD:	LONDON	A.M. FIX	341.00	P.M. FIX	342.75
	PARIS	NOON FIX	342.33	ZURICH P.M.	342.50
SILVER:	LONDON	FIX	528.90		
PLATINUM:	LONDON	P.M.	415.10		
PALLADIUM:	LONDON	P.M.	107.65		

FOREIGN CURRENCY CROSS RATES (London 15.30GMT)
Forward Rates

	SPOT	3 MTHS	6 MTHS	12 MTHS
DEUTSCHE MARK	2.2190/10	83/78	123/118	237/227
POUND STERLING	1.5180/95	93/89	125/120	214/209
SWISS FRANC	1.8580/00	84/79	115/110	235/225
JAPANESE YEN	174.10/25	61/56	85/80	171/161
FRENCH FRANC	7.0700/00	95/125	130/160	230/290
ITALIAN LIRA	1521.0/40	1575/1625	2000/2200	4125/4400
DUTCH GULDEN	2.5030/60	61/56	88/83	175/165
BELGIAN FRANC	45.320/370	12/14	15/18	20/25
DANISH KRONE	8.2125/75	50/100	100/150	125/225
S.AFRICAN RAND	0.5000/20	39/29	55/45	100/85
EUROPEAN CURR. UNIT	0.9666/71	13/9	18/13	25/18
FINNISH MARK	5.0640/60	400/440	590/640	1260/1360
AUSTRALIAN DOLLAR	0.7167/74	122/118	173/168	317/311
NORWEGIAN KRONE	7.0850/50	790/810	1185/1205	2400/2440

Formula for determining forward rates:
high/low (eg. 220/210) — deduct from spot price.
low/high (eg. 210/220) — add to spot price.

New York Financial Markets

WALL STREET Closing Prices

Dow Jones Indices

IND	1,840.40	–14.63
TRANS	812.56	–5.40
UTILS	191.78	–0.72
NYSE COMP	139.87	–0.22
NASD COMP	390.06	+0.10
S–P INDEX	230.40	–1.75
S–P COMPOSITE	242.38	–0.65
AMEX INDEX	273.77	+0.05

NYSE Highest Volume

EAST AIR	8¼	–⅛
NAVISTAR	11⅝	+⅝
CINN GAS	26⅝	+⅛
ATT	24½	–¼
PAN AM COR	6¾	UNCH
US STEEL	19⅞	+¼
XEROX	60½	–⅝
BANKAMER	17¾	UNCH
K MART	48	+2⅜
NAT GYPS	68½	+6¾

Statistics

NYSE	VOL. 153,640,000	STOCKS UP 878	DOWN 788	
NASDAQ	VOL. 144,747,100	STOCKS UP 1,251	DOWN 832	

Comment

WALL STREET STOCKS CLOSE LOWER

NEW YORK, April 18. – Wall Street stocks slumped at the close of the week, as heavy programmed trading related to options expirations undermined late attempts to rally.

The market had a moderate loss much of the day, as traders took profits in the first losing effort this week, and the second in the last nine. Continued anticipation of interest rate drops, and a scattering of favourable earnings reports kept a cushion under the market most of the day, and triggered brief rallies.

The Dow Jones Industrial Average closed 14 points lower to 1840, from the last record.

ISRAELI STOCKS Traded in New York:

NYSE and ASE

	Last	Prev. Close	High	Low	Vol ('00s)
Alliance	2¼	2⅛	2¼	2¼	2
Am Isr Pap	11¼	11¼	11½	11¼	106
Ampal	2⅝	2⅞	2⅞	2⅝	154
Elscint	2⅝	2⅞	2¾	2⅝	161
Etz Lavud	13⅜	13¼	13⅜	13⅜	13
Laser Inds	15¼	15¼	15½	14⅞	143

Over the counter

	last	bid	ask		last	bid	ask
Bank Leumi	0	121	123	Interpharm	0	105¼	105½
Elbit	10¼	10¼	10⅜	Optrotech	8¼	8¼	8½
ECI Tel.	–6¼	6¼	6¾	Rada	0	109¼	109½
Elron	–8½	8½	8⅞	Scitex	+7¼	7	7¼
Fibronics	+10⅜	10¼	10¾	Taro-vit	0	103¾	104⅛
IDB Bank	0	14.05	14.07	Tevapharm	0	103⅞	104⅛
IIS	–4⅝	4⅝	5	SPI	0	6⅝	7

U.S. Money Rates

Prime 9%; Broker 7.75%; NY Euros 3 months 6⅝-½; Fed Funds last 6⅝%

New York Foreign Exchange

	DMK	SFR	STG	YEN	CAN
YESTERDAY'S CLOSING	2.2275/90	1.8570/90	1.5225/35	176.00/10	1.3900/05
OPENING	2.2155/65	1.8550/70	1.5185/95	174.25/35	1.3860/65
LATEST	2.2140/60	1.8530/60	1.5170/80	174.20/40	1.3848/53

Comment

DOLLAR ENDS EASIER IN NEW YORK. – The dollar ended easier in nervous trading, but was well off its early afternoon lows. Strong market rumours of Bank of Japan yen sales provoked a modest shortcovering rally in the late afternoon, which gathered pace in after-hours trading despite the Fed's widely-expected announcement of a half-point cut in its discount rate.

Overseas financial data – from Reuters exclusively to *The Jerusalem Post*.

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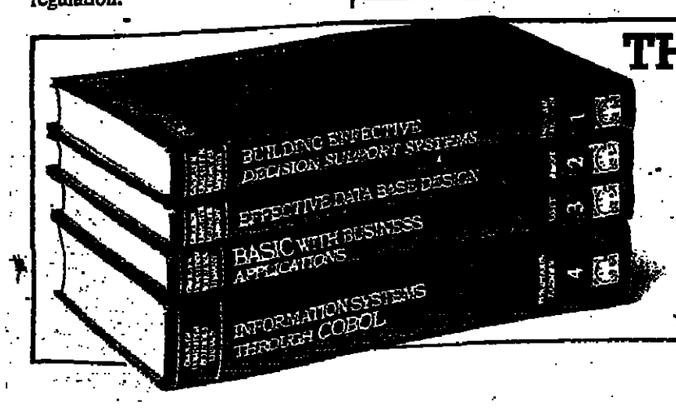

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THE JERUSALEM POST

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Bold, brave and Bejski

THERE HAS been nothing like it in the history of this country, and perhaps any country. In one blow, the Bejski commission yesterday decapitated all the major banking institutions of Israel. And unlike past commissions which investigated military failures, the Bejski report has not pulled its punches in implicating the political echelon – that is, the finance ministers who presided over the banks' manipulations of their own shares.

In the severity of its indictments, the Bejski commission has consciously and explicitly upheld a principle that had become alien to the norms of public management in Israel – the principle of personal accountability.

It bears remembering that the Agranat commission which investigated the early stages of the Yom Kippur War, the Kahan commission which investigated the events at Sabra and Shatilla, and the Bejski commission itself, were appointed only in response to manifest public pressure and only after it became plain that the responsible individuals would otherwise not be held accountable.

If the Bejski report will serve to uproot this tradition and establish personal accountability as a new norm in the nation's public life, it will have made a contribution that transcends even the revolution it demands in the management of the country's financial system.

That revolution, of course, must now find its place high on the government's agenda. It poses a massive challenge. For the government will have to balance the imperative of radical reform with the need to sustain public confidence here and abroad in the banking system. That will require more than legislation and more than rhetoric. It will require concrete acts signifying both change and stability.

The task cannot be left to the Treasury alone, even if its minister were not a new hand, nor to the Bank of Israel, which itself must undergo change. It will probably require a new mechanism to implement change on the one hand and to give evidence of full government support of the banking system on the other.

Poised against this immense challenge, the personal fates of the bank directors and officials found culpable by the commission, will receive their proper perspective. For while they were principals in the actions that led to the bank crash, they were also victims of a system, a government policy, and a circumstance which gained a momentum of its own that no individual and no individual institution could derail or control.

The Bejski commission did not accept this fact as a reason to absolve them of personal responsibility. Nor could it in discharging its duty to the future and the national interest in preventing such a banking calamity from ever striking again.

But the removal of the officials must close the book on the past. It should not become the principal focus of public curiosity, as so often happens in this country.

Not personality and not careers, but rather accountability and reform of the financial system are the banners which the Bejski commission has raised.

For the rigour and courage which the commission has displayed in doing so, the nation owes them its gratitude. But it also owes them that measure of serious attentiveness and scrutiny of government needed to assure that the radical reform it recommends will in fact be carried out.

BEJSKI

(Continued from Page One)

hold a preliminary discussion on it this morning. Bank Mizrahi managing director Aharon Meir, speaking for himself and not for his bank, criticized the harshness of the report's accusations against him.

Analysts in Jerusalem said the importance of the report lay in the wide-ranging reforms it proposed for virtually every sector of the financial market. The virulent criticism of the personalities involved, while perhaps harsher even than expected, was seen as a secondary factor. Indeed, legal and other experts doubted whether the report would, in fact, be used as the basis for damages claims against the banks by shareholders, despite fears in the banking system that this might occur.

The attorney-general is also urged to set up a committee to investigate illegalities in the capital market.

The shocking record of the banks in the area of fund management leads the commission to perhaps its most far-reaching recommendation, that the banks be banned from managing share-oriented mutual funds or provident funds. The banks should also be prohibited from trading in shares on their own account. Legal restrictions should be placed on the banks, to prevent conflicts of interest regarding investment counselling given by their employees. Investment counsellors should be licensed, the commission suggests.

The Bank of Israel is heavily criticized for its failure to prevent, or at least mitigate, the banks' efforts to push up the prices of their shares, while the Securities Authority is criticized for its "capitulation to the banks." Regarding these state bodies, and the Treasury, the Bejski report follows closely in the path of the state comptroller's report of December 1984, which excoriated them for their failure to prevent the regulation of bank shares.

The commission describes the Tel Aviv Stock Exchange as being subservient to the banks. Its failure to implement serious reforms, even after the crash of the market in October 1983, comes in for significant attack.

The third section of its recommendations covers a wide spectrum of legislative proposals and organizational reforms.

It recommends that the attorney-general investigate the banks' illegal activities, including falsifying balance sheets and prospectuses, share-swap transactions between Bank Leumi and Bank Discount, transactions made by Bank Mizrahi, and various cases of false testimony, including one by an accountant.

In another very important recommendation, the commission comes out in favour of moving towards equality of voting rights for publicly issued shares. It proposes that all future share issues by public companies should be of shares whose voting rights are equal to those of the superior class of shares already issued.

Insider trading rules, disclosure rules and a new law restricting the potential of manipulation of share prices are the subject of further recommendations, but these pall in comparison to the revolutionary suggestion that the right to authorize new share issues be taken from the finance minister, while his right to authorize bond issues remain in force for just another three years.

The large number of legal and regulatory proposals will undoubtedly be the subject of much discussion in the financial world for many months to come – after the initial shock of the report has worn off.

The commission's recommendations fall into four sections. In its opening remarks, the report recommends that firm standards of accountability be established for senior figures in both the public service and the banking system.

"The existence and application of rules of responsibility, and recognition of the fact that those who transgress the law and those who fail in their jobs cannot carry on as if nothing has happened, are vital to the effective functioning of Israeli society," the report says. It then proceeds to review the role of each of the 16 individuals who received warning letters from the commission last summer.

Finally, Galia Maor, who was the Bank of Israel's examiner of banks during the scandal and still occupies that position. The commission criticized her for her actions but did not recommend that any steps be taken against her.

Serious charges are levelled, as well, against the 11 companies, agencies, ministries and other bodies warned in letters the commission sent last summer.

An American change of heart on terrorism

YOSEF GOELL

IT IS doubtful that last week's American air strike against Tripoli and Benghazi in Libya will by itself topple the regime of Muammar Gaddafi or weaken his support for international terrorism. As has been pointed out time and again in connection with retaliatory Israeli raids, terrorism cannot be fought effectively by aerial strikes.

Still, the American air raids do constitute a major breakthrough for the still relatively small forces determined to persevere in their fight against the scourge of terrorism.

So far, Israel has been nearly alone in that fight. And very often this country has been compelled to resort to methods that earned sanctimonious criticism from Western media and foreign ministries.

The importance of the American breakthrough can only be appreciated in the light of President Reagan's simultaneous failure to obtain congressional support for the grant of a puny $100m. in military aid to the Contra forces fighting the Nicaraguan Sandinista government from Honduras.

Continued congressional opposition to extending that aid and the simultaneous crystallization of widespread public support for the much more extreme bombing of a foreign country constitute the most persuasive proof of the crucial importance of media-generated public opinion as a major constraint on American foreign policy.

During a four-week tour of the U.S., from which I have just returned, I was able to follow the public debate on both issues – in the media and in public meetings.

The image of Nicaragua projected by the American media was of a group of terrorist hoodlums (the Contras) fighting another group of hoodlums (the Communist-aligned Sandinistas). "Our sons-of-bitches against theirs." The Great Communicator, Ronald Reagan, has simply been unable to overcome the unsavoury terrorist image of the Contras to argue persuasively that Sandinista-controlled Nicaragua indeed constitutes a threat to the U.S.

In the case of Arab terrorism (Arab and not simply Libyan, is the way the American man in the street perceives the threat), there has been an interesting jelling of public opinion, as the media, and especially television, have zeroed in on the individual horror rather than the abstract nature of terrorism.

Arab, Palestinian and Libyan terrorism has been around for a long time. The build-up of American abhorrence and indignation dates from the brutal killing of the crippled Eric Klinghoffer on the hijacked Italian luxury cruiser Achille Lauro, last fall.

The idea of terrorism in general is too theoretical a construct for the average man to take too much to heart. The selecting out of a man in a wheelchair for cold-blooded murder, simply because he was an American and a Jew, is something that cannot but be understood, and very personally so, by every American. The principle is, "There but for the grace of God go I."

And, "Dammit, when they stoop that low we had better start overcoming our compunctions and do something about it."

Public opinion is never turned around by just one event, no matter how dramatic. The Klinghoffer murder was just one of a series of such events that drove home the message to the American public that they have had it up to their ears with feeling impotent in the face of anti-American Arab terrorism.

There was media collusion with the Shi'ite terrorists in the hijacked TWA plane in Beirut last year. But what seems to have remained in America's memory is the singling out of an American marine on leave as a victim of murder by the Shi'ite hijackers.

During the recent horror of the bombing of the TWA plane over Greece, American television devoted one whole day to the fact that three of the four victims blown out of the plane had not died of the explosion but had fallen to their deaths from 15,000 feet.

Objectively, it makes little difference how terror victims actually die. But the thought of an entire family, including a months-old infant, falling from a hole in a plane to their deaths through three miles of thin air is enough to turn any mild American into a supporter of retaliatory air strikes in which Libyan babies, too, were killed.

THE VAST majority of us are cowards when it comes to facing up to violence, whether it is of the domestic kind, such as New Yorkers have on the subway, or the international kind, represented by the PLO and the Gaddafis of the world. Foreign policy bureaucrats would seem to be even more cowardly than the rest of us. But even the most cowardly among us eventually stand up and fight back when the threat to our lives becomes too personal for comfort. This is apparently what has happened to America in a process that has developed over the past few months.

In this weekend's *Ha'aretz*, Yoel Marcus wrote on this subject under the headline "Welcome to the club." He hit the nail on the head. Joining the club of outraged victims of terror who have overcome their natural tendency towards cowardice – Israel was hitherto the sole member – was not an easy thing for the U.S. (Actually, the Soviet Union is also a charter member of sorts. What the Soviets did to the Lebanese Shi'ites who were foolish enough to kidnap four of their diplomats and murder one of them, is a lesson worth learning.)

'The dramatic development of the past half-year may well signal the waning of whatever vestigal American support there has been for the Palestinian cause'

Because the process of joining was so difficult psychologically for the U.S. one can expect that it will be equally difficult to draw back after that first step. Not drawing back means going on from the first – functionally ineffective – step that was taken last week, to additional ones that were previously considered unpalatable.

This means, for example, depending and acting on solid intelligence information as to the identity of terrorists, which will however not stand up in court. The linking of Gaddafi with the orders given for terrorist action against American servicemen in Berlin is a case in point.

The need to scrutinize diplomatic pouches for smuggled arms and explosives is another step that will have to be taken, given the propensity of Iranian, Libyan, Iraqi and Syrian embassies for such smuggling to arm terrorists, as was the case in the Libyan people's bureau shootout in London last year, in which a British policewoman was killed.

Authorizing CIA targeting of known terrorist leaders for elimination is a further step in the fight against terrorism. There is no doubt that the targeting of terrorists and their leaders for assassination besides being more effective is also much more "humane" and "civilized" than the aerial bombing of terrorist headquarters and training camps, which cannot avoid the killing of innocent civilians.

All in all, we can expect greater understanding of Israeli counter-terrorist actions from an America that has joined the club. One of my impressions from my recent tour of the U.S. is that widespread public support of Israel is based both on admiration for Israel but even more so on profound antipathy to the Arabs in general and for Arab terrorism specifically.

This hatred has been very visible in recent weeks in the gloating over Opec's inability to get its act together to stop the fall in oil prices, which every American perceives as he fills up on 70 cents-a-gallon gas.

The important thing to understand in the recent shift in American attitudes to Arab terrorism is that it has come as a reaction to attacks that were directed against Americans as Americans, and not merely as hated supporters of Israel. This naked Arab hatred of the West, and of America as the central symbol of the West, has surfaced in recent terrorist actions and can be expected to accord legitimacy to a latent American hatred of all things Arab.

Yasser Arafat was astute enough to recognize this danger when he urged his PLO followers to curb their instinctive determination to attack Americans and to limit themselves to Israeli targets. His followers have, however, proven constitutionally incapable of following that advice.

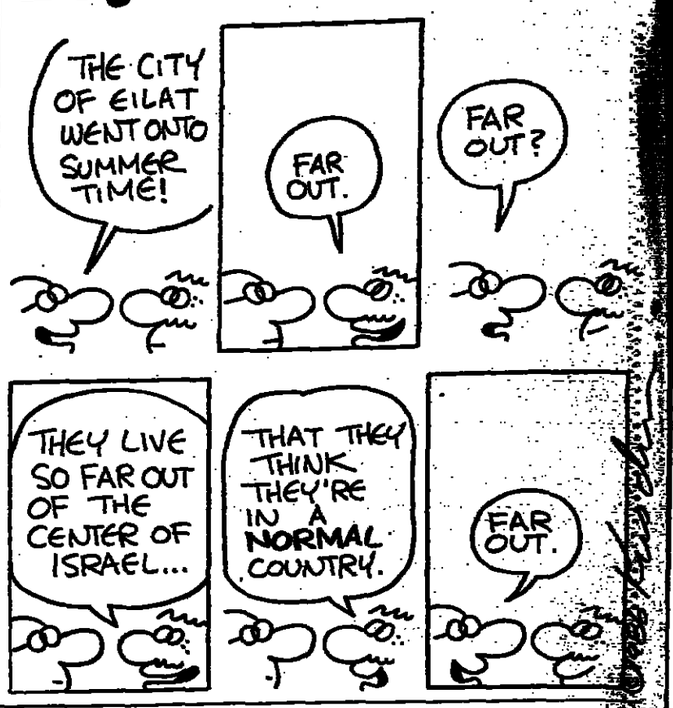
The dramatic development of the past half-year may well signal the waning of whatever vestigial American support there has been for the Palestinian cause. After all, there are scores upon scores of national self-liberation movements in the Third World; it has always been a source of amazement that the PLO has been singled out for such a measure of international sympathy.

With the waning of Arab oil power and the mobilization of American public opinion against Arab terrorism, which is identified in the public mind with the Palestinian cause, it may well be that the PLO may have finally relegated itself to the fate of the Armenian, Kurdish and Filipino Moslem nationalists.

What we may well witness in the coming months and years is a gradual diminution in the salience of the "Palestinian problem," in the imagination of Western media and public opinion, and eventually of Western governments. If and when that develops, it will be a fate that the Palestinians will have brought on themselves. There will be little reason for us Israelis to commiserate with them over that fate.

The writer is a member of the editorial staff of The Jerusalem Post.

Dry Bones



READERS' LETTERS

THE VOLUNTEER EXPERIENCE

To the Editor of The Jerusalem Post

Sir, – I was disappointed to read that some kibbutzim are eliminating the foreign volunteer.

I am a former volunteer who spent eight wonderful months on Kibbutz Magen in 1984. I entered Israel as a naive American, but departed better educated in many important areas: culture, life, history, Judaism, Islam, politics, and beautiful Jerusalem.

I think my kibbutz experience fitted the "purpose" of the volunteer – that is, I provided labour and I have since become a goodwill ambassador for the State of Israel.

Now the "problem" is young kibbutz teenagers being lured away and influenced by the young foreign volunteers. True, this happens. But the kibbutzim cannot stick their collective heads in the sand and wish this problem away.

Young people will be young people. With or without volunteers, kibbutz teenagers will have to deal with the question of staying or leaving the collective farm/community environment.

I feel the volunteer is good for the kibbutz. The volunteer brings the western lifestyle directly to the doorsteps of all those on the kibbutz. Both good and bad western values are seen in the open daylight – not left to the imagination of a youthful mind.

The young kibbutz teenager must deal with the question of kibbutz life versus western life directly (or even life in Tel Aviv!). Excluding volunteers will not make answering this question any easier.

I thank Kibbutz Magen for my experience.

MAURICE T. McKENNA
Walnut Creek, California.

ZAHAVA BEN-OVADIA

To the Editor of The Jerusalem Post

Sir, – The police suspect that it was Kahane gangs that burned cars in East Jerusalem to avenge the murder of Zahava Ben-Ovadia on April 13.

Zahava Ben-Ovadia was engaged in assisting Arabs cope with the Israeli bureaucracy. Zahava belonged to a family several of whose members are married to Arabs. Zahava belonged to a family which exemplifies the ideal of Jewish-Arab coexistence. Zahava, may she rest in peace, was in all likelihood murdered by someone who disapproved of such coexistence.

That Kahane followers should avenge Zahava's death is grotesque indeed.

SUSAN HATTIS ROLEF
Jerusalem.

CONTEMPT OF COURT

To the Editor of The Jerusalem Post

Sir, – I read with amazement in your issue of April 13 that, when Natorei Karta leader Rabbi Uri Blau was charged in Jerusalem Magistrates' Court with damaging public property and did not respond because he refused to recognize the court; Judge Ezra Kama simply interpreted his silence as a denial of guilt.

One does not have to be a legal expert to recognize that Blau's refusal to testify is not a denial of guilt, but a clear and blatant case of contempt of court for which he should have been penalized. Why Judge Kama decided to spare Blau is beyond the comprehension of a simple mortal like myself.

Dr. JACOB ROSIN
Netanya.

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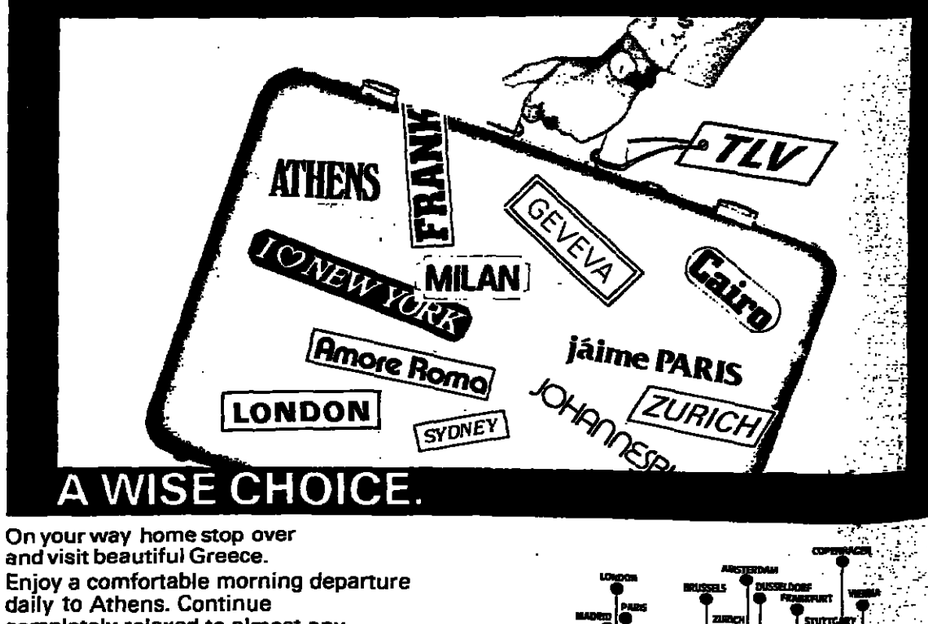
THE AIRLINE
OF THE 5 CONTINENTS



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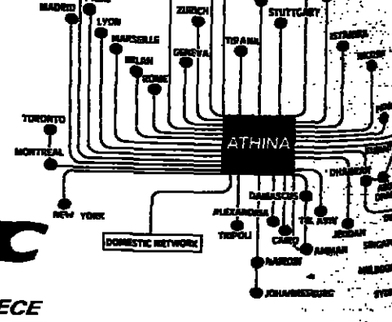

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